

**CITY OF MANCHESTER, TENNESSEE  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

# CITY OF MANCHESTER, TENNESSEE

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**CITY OF MANCHESTER, TENNESSEE  
LISTING OF PRINCIPAL OFFICIALS (UNAUDITED)  
JUNE 30, 2015**

**OFFICIALS**

**Board of Mayor and Aldermen**

|                         |                         |
|-------------------------|-------------------------|
| Lonnie Norman, Mayor    | Ryan French, Vice Mayor |
| Russell Bryan, Alderman | Tim Kilgore, Alderman   |
| Tim Pauley, Alderman    | Lana Sain, Alderwoman   |
| Cheryl Swan, Alderwoman |                         |

**Manchester City School Board**

|                      |                       |
|----------------------|-----------------------|
| Mike Lewis, Chairman | Susan Parsley, Member |
| Lisa Gregory, Member | Travis Hillis, Member |
| Susan Wood, Member   |                       |

**Appointed Officials**

Bridget Anderson, Finance Director/CFO

Mark Yother, Chief of Police

George Chambers, Fire Chief

Bryan Pennington, Director of Water and Sewer

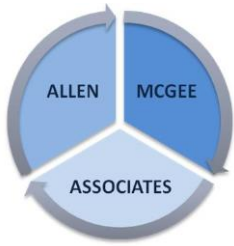
Bonnie Gamble, Director of Parks & Recreation

Brent Carter, Director of Public Works

Jamie Sain, Director of Building and Codes

Sandra Morris, Director of Schools

# **FINANCIAL SECTION**



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### INDEPENDENT AUDITORS' REPORT

January 14, 2016

To the Board of Mayor and Aldermen  
City of Manchester, Tennessee  
200 West Fort Street  
Manchester, Tennessee 37355

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, and the fund information of the City of Manchester, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

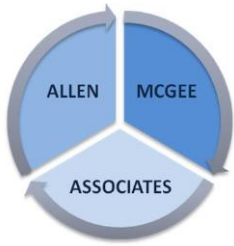
### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

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significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Summary of Opinions

| <u>Opinion Unit</u>                  | <u>Type of Opinion</u> |
|--------------------------------------|------------------------|
| Governmental Activities              | Qualified              |
| Business-Type Activities             | Qualified              |
| General Fund                         | Unmodified             |
| General Purpose School Fund          | Qualified              |
| Debt Service Fund                    | Unmodified             |
| Water and Sewer Fund                 | Qualified              |
| Aggregate Remaining Fund Information | Qualified              |

### Basis for Qualified Opinion on Governmental Activities, Business-Type Activities and The Water and Sewer Fund a Proprietary Fund

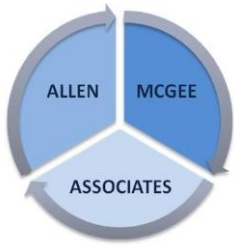
Management has not placed sufficient controls over fixed assets, and, accordingly, sufficient assurance over the capital assets cannot be obtained. Accounting principles generally accepted in the United States of America require that adequate controls be put over the safeguarding and reporting of capital assets, which would decrease assets, net position and change the expenses. The amount by which this departure would affect the assets, net position, and expenses of the city wide financial statements has not been determined.

### Basis for Qualified Opinion on General Purpose School Fund, Aggregate Remaining Fund Information, School Federal Projects Fund and Central Cafeteria Fund

During the period under examination our tests disclosed that no supporting documentation was maintained at the School Board for disbursements made by the General Purpose School Fund, School Federal Projects Fund, and the Central Cafeteria Fund for disbursements of monies made during the month of May 2015, therefore we were unable to determine if these disbursements were properly accounted for and were made for a Manchester City School purpose. The amount by which this departure would affect the assets, fund balance and expenditures of these funds has not been determined.

### Qualified Opinion

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinion on the Governmental Activities, Business-Type Activities and The Water and Sewer Fund a Proprietary Fund” and “Basis for Qualified Opinion on General Purpose School Fund, Aggregate Remaining Fund Information, School Federal Projects Fund and Central Cafeteria Fund” paragraph, the financial statements referred to above present



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fairly, in all material respects, the financial position of the City of Manchester, Tennessee, as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United State of America.

### Unmodified Opinions

In our opinion, the financial statements of the referred to above present fairly, in all material respects, the respective financial position of the General Fund and Debt Service Fund of the City of Manchester, Tennessee, as of June 30, 2015, and the respective changes in financial position, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Change in Accounting Principle

As described in Note 15 the City of Manchester, Tennessee has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

### Emphasis of Matter

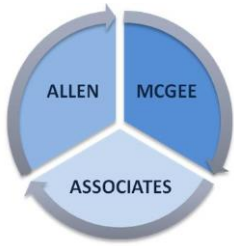
We draw attention to Note 15 to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$2,173,430 and increasing the Business-type Activities net position by \$57,128 on the Government-wide Statement of Activities. Of this restatement in the Governmental Activities \$1,898,374 of the decrease in net position and \$28,825 of the increase in the Business-type activities were necessary because of the transitional requirement of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The remaining decrease of \$275,056 in the Net Position of Governmental Activities and the remaining increase of \$28,303 in the Business-type activities were to correct reporting errors in the prior financial report as disclosed in Note 15.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents on pages 11 through 20 and pages 84 through 90 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States





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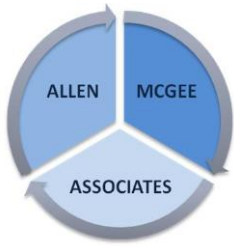
of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manchester's basic financial statements. The introductory section, combining and individual non-major fund financial statements, budgetary comparison schedules of non-major governmental fund and the combining and individual fund financial statements, miscellaneous schedules, and the supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, and the budgetary comparison schedules of non-major governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves. And other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on General Purpose School Fund, Aggregate Remaining Fund Information, School Federal Projects Fund and Central Cafeteria Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Manchester, Tennessee, as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United State of America.

Information described in the "Supplementary Information Section" in the table of contents as the Schedule of Changes in Property Taxes Receivable, Schedule of Tax Rates and Assessments and the Schedule of Utility Rate Structure and Number of Customers is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and



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other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information described in the Table of Contents in the “Supplementary Information Section” as the Schedule of Changes in Property Taxes Receivable, Schedule of Tax Rates and Assessments and the Schedule of Utility Rate Structure and Number of Customers is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information described in the “Supplementary Information Section” as the AWWA Reporting Work Sheet has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Information described in the “Single Audit Section” in the table of contents as the Schedule of Expenditures of Federal Awards and State Grants is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information described in the Table of Contents in the “Single Audit Section” as the Schedule of Expenditures of Federal Awards and State Grants is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2016, on our consideration of the City of Manchester, Tennessee’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Allen, McGee and Associates, LLC*

*Certified Public Accountants*

*January 14, 2016*

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## Management's Discussion and Analysis

As management of the City of Manchester, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the City.

### Financial Highlights:

- The assets of the City of Manchester exceeded its liabilities at the close of the most recent year by \$33,614,741. Of this amount, \$7,948,173 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Recreation Center received a Diabetes Grant A from the Department of Health in the amount of \$150,000 each year with a City match of \$30,000 for three years.
- The Recreation Center received a LPRF grant for Manchester Sports Park-Soccer Complex Phase I in the amount of \$87,500 each year for two years. Phase 1 has been completed.
- The Recreation Center received a Diabetes Grant B from the Department of Health in the amount of \$15,000. This grant was completed in June 2015.
- The City of Manchester completed the Safe Route to Schools Project for sidewalks using a TDOT grant for funding.
- The City of Manchester Police Department also received a grant from the Governor's Highway Safety in the amount of \$31,726 for Saturation Overtime and patrol equipment.
- The City of Manchester completed the Greenway Extension Project for the Downtown area with a portion of the funding coming from grant money from TDOT, STP funds, and local match from City of Manchester and Tourism.
- The City of Manchester received a CDBG grant for drainage improvements in the amount of \$315,000.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,104,892.
- The Government Accounting Standards Board issued Statement 54: Fund Balance Reporting and Governmental Fund Type Definitions. The implementation date for this standard is for periods beginning after June 15, 2010, which means FYE June 30, 2011. Governmental accounting standards now require the reporting of five classifications of fund balance: Non-Spendable, Restricted, Committed, Assigned and Unassigned. The City's audited financial statement addresses four categories: Non-spendable \$80,209; Restricted \$873,437; Committed \$4,372,729; Assigned \$164,186; and Unassigned \$3,614,331. The Unassigned Fund Balance is available for spending at the government's discretion.

## **Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the City of Manchester's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Manchester include general government, public works, public safety, state street aid, public welfare and recreation and schools. The business-type activities of the City include Water and Sewer services.

The government-wide financial statements can be found on pages 12-15 of this report.

Fund Financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Manchester, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may be better to understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and General Purpose School Fund which are considered to be major funds. Data for the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report beginning on page 36.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with this budget, as well as for the non-major funds.

The basic governmental fund financial statements can be found on pages 16-20 and 29-31 of this report.

Proprietary Funds – The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented in the business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for Water and Sewer operations which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 21-28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-82 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found beginning on page 36 of this report.

## Financial Analysis of the Financial Statements

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Manchester, assets exceeded liabilities by \$33,614,741 at the close of this fiscal year.

By far the largest portion of the City's assets (73.76%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Manchester's Net Position

|                                   | <b>Governmental<br/>2015</b> | <b>Activities<br/>2014</b> | <b>Business type<br/>2015</b> | <b>Activities<br/>2014</b> |
|-----------------------------------|------------------------------|----------------------------|-------------------------------|----------------------------|
| Current and other assets          | \$17,307,372                 | \$15,876,229               | \$13,981,722                  | \$13,610,919               |
| Capital Assets                    | 30,211,836                   | 29,993,818                 | 33,397,386                    | 34,661,767                 |
| <b>Total Assets</b>               | <b>47,519,208</b>            | <b>45,870,047</b>          | <b>47,379,108</b>             | <b>48,272,686</b>          |
| Long-term liabilities outstanding | 24,161,174                   | 24,572,498                 | 25,331,191                    | 26,481,561                 |
| Other Liabilities                 | 11,066,127                   | 6,985,266                  | 1,869,745                     | 1,816,405                  |
| <b>Total Liabilities</b>          | <b>35,227,301</b>            | <b>31,557,764</b>          | <b>27,200,936</b>             | <b>28,297,966</b>          |
| <br><b>Net Position</b>           |                              |                            |                               |                            |
| Net Investment in Capital Assets  | 7,786,088                    | 7,238,907                  | 17,007,043                    | 17,451,822                 |
| Restricted                        | 873,437                      | 962,252                    |                               |                            |
| Unrestricted                      | 4,749,076                    | 6,111,124                  | 3,199,097                     | 2,522,898                  |
| <b>Total net position</b>         | <b>\$13,408,601</b>          | <b>\$14,312,283</b>        | <b>\$20,206,140</b>           | <b>\$19,974,720</b>        |

Changes in net position. Governmental activities decreased the City's net position by \$903,682. Business-type activities net position increased by \$231,420.

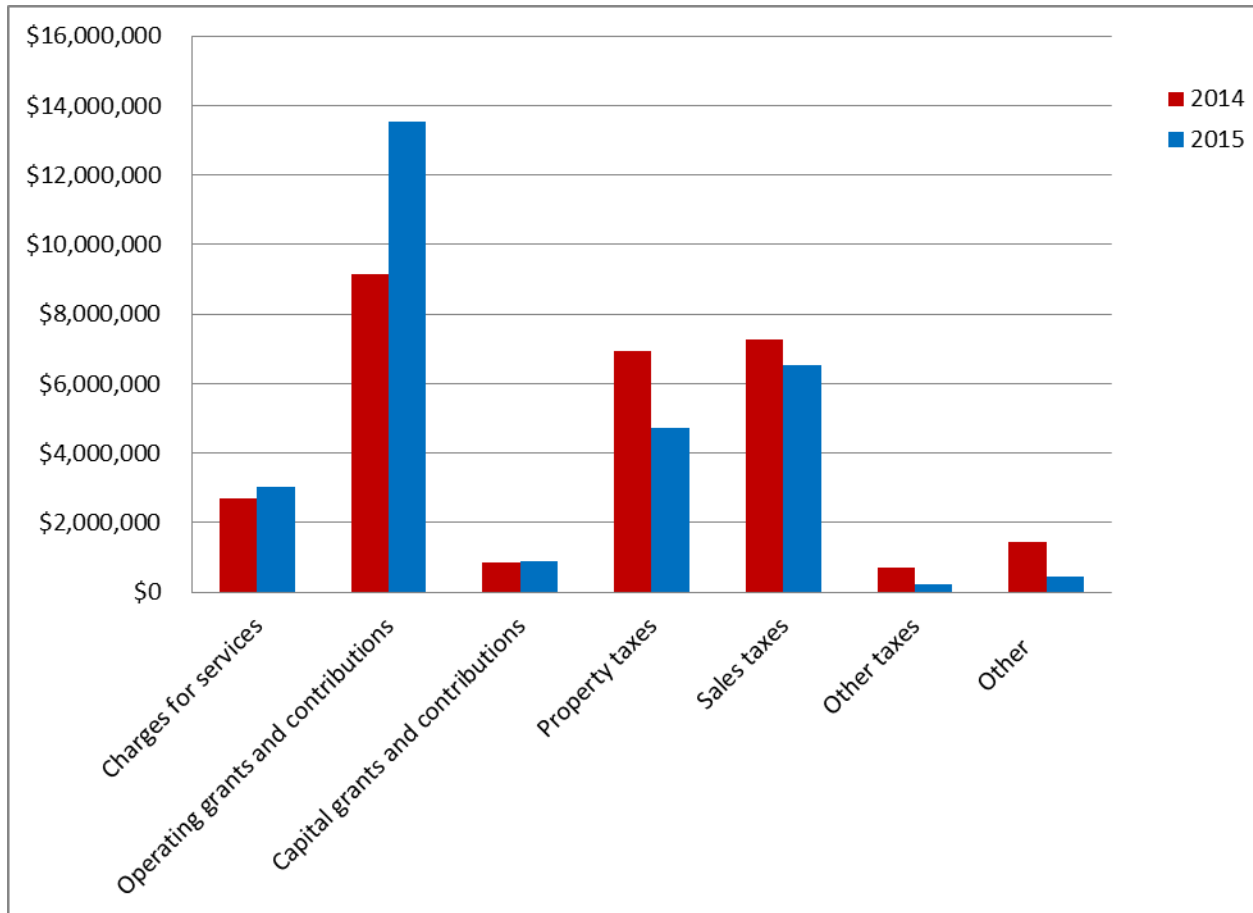
The table below provides a summary of the City's net assets broken down by governmental and business-type activities.

## City of Manchester's Changes in Net Position

|  | Governmental Activities |                     | Business-type Activities |                     |
|--|-------------------------|---------------------|--------------------------|---------------------|
| <u>Revenues</u>                            | <u>2015</u>             | <u>2014</u>         | <u>2015</u>              | <u>2014</u>         |
| <u>Program revenues</u>                    |                         |                     |                          |                     |
| Charges for services                       | \$3,039,580             | \$2,708,613         | \$5,892,440              | \$6,595,727         |
| Operating grants and contributions         | 13,530,052              | 9,148,064           | 17,400                   |                     |
| Capital grants and contributions           | 901,333                 | 842,588             |                          |                     |
| <u>General Revenues</u>                    |                         |                     |                          |                     |
| Property taxes                             | 4,732,611               | 6,937,605           |                          |                     |
| Sales taxes                                | 6,533,641               | 7,281,715           |                          |                     |
| Other taxes                                | 231,301                 | 721,917             |                          |                     |
| Other                                      | 446,835                 | 1,452,998           | 130,254                  | 13,060              |
| Total revenues                             | <u>\$29,415,353</u>     | <u>\$29,093,500</u> | <u>\$6,040,094</u>       | <u>\$6,608,787</u>  |
| <u>Governmental Activities</u>             |                         |                     |                          |                     |
| General Government                         | \$1,780,477             | \$2,251,271         |                          |                     |
| Public Safety                              | 4,903,113               | 4,611,333           |                          |                     |
| Public Works                               | 2,850,491               | 2,790,580           |                          |                     |
| Health, Welfare, Culture<br>and Recreation | 2,226,175               | 2,038,688           |                          |                     |
| Economic Development and<br>Assistance     | 55,325                  | 46,460              |                          |                     |
| Education                                  | 15,410,104              | 15,982,884          |                          |                     |
| Debt Service                               | 919,919                 | 893,842             |                          |                     |
| Water & Sewer                              |                         |                     | 5,865,802                | 5,770,952           |
| Total expenses                             | <u>\$28,145,604</u>     | <u>\$28,615,058</u> | <u>\$5,865,802</u>       | <u>\$5,770,952</u>  |
| Change in Net<br>Position                  | 1,269,749               | 478,441             | 174,292                  | 837,835             |
| Net Position, as previously reported       | 14,312,282              | 14,486,761          | 19,974,720               | 19,270,677          |
| Restatement from prior year                | (2,173,430)             | (652,920)           | 57,128                   | (133,792)           |
| Net Position, beg. Of year as restated     |                         | 13,833,841          |                          | 19,136,885          |
| Net Position, end of year                  | <u>\$13,408,601</u>     | <u>\$14,312,283</u> | <u>\$20,206,140</u>      | <u>\$19,974,720</u> |

## Revenues by Source – Governmental Activities

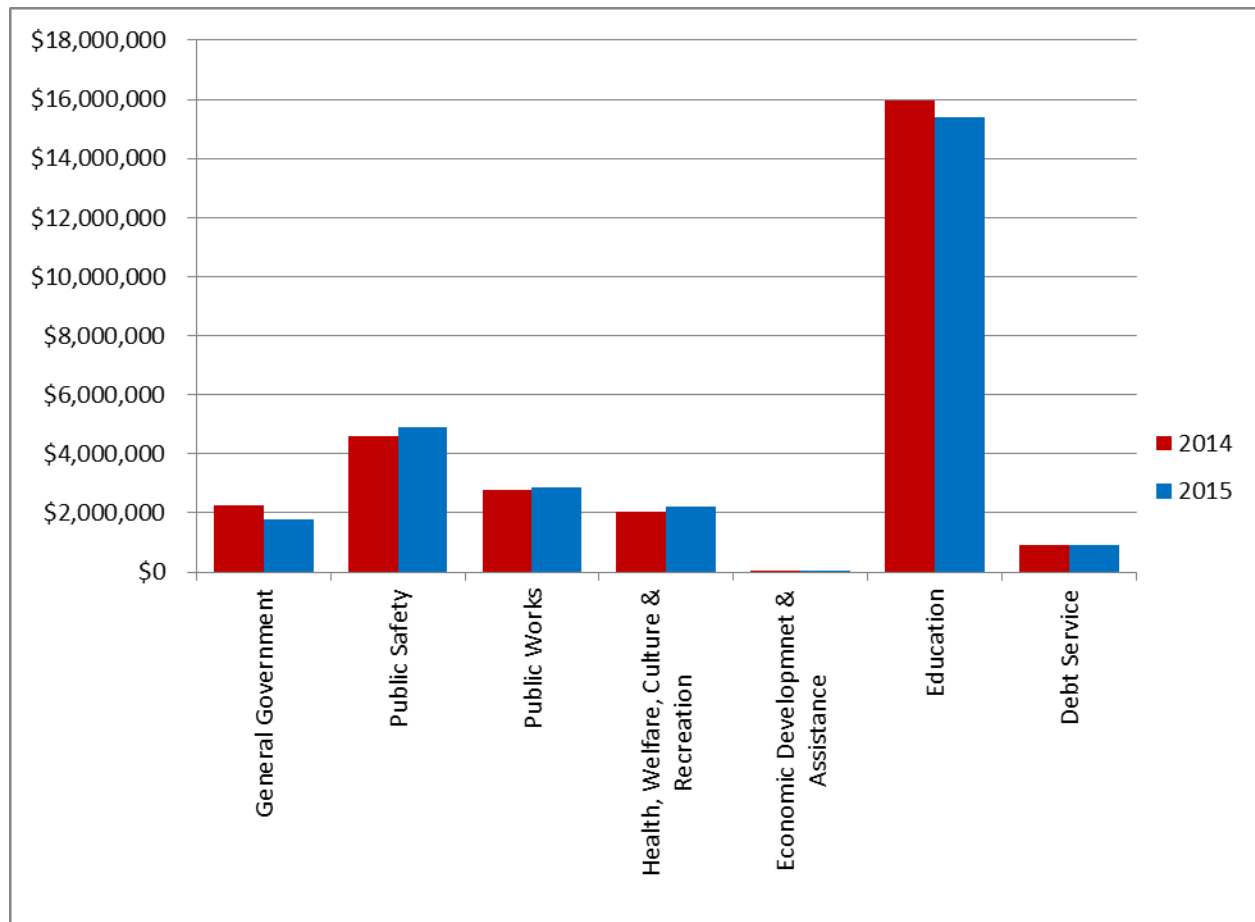
### Revenues





## Expenditures – Governmental Activities

### Expenditures



Significant variances in Governmental Activities revenues and expenditures from that of the prior year were as follows:

- The overall expenditures decreased by approximately \$469,454. The decrease is due to budgetary cuts and being resourceful with available funds.
- Education expenditures decreased by \$572,780 due to budgetary cuts.

## **Business-type Activities**

Business-type activities accounted for revenue of \$6,040,094 which includes contributed capital.

## **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## **Governmental Funds**

The focus of the City of Manchester's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,104,892, a decrease of \$414,642 in comparison with the prior year. Within the governmental funds, \$69,288 is restricted for Inventory and Prepaid Costs in the General Fund. In the General Purpose School Fund, \$83,377 is committed for Non-Instructional Services.

The general fund is the chief operation fund of the City of Manchester, Tennessee. Due to the compliance of GASB 54, the general fund recognizes "unassigned" fund balance instead of "unreserved" fund balance. At the end of this fiscal year, this amount is \$3,669,034. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 38.15% of total general fund expenditures.

The City's general fund had a positive Net Change in Fund Balance of \$697,138.

## **Proprietary funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Assets at the end of the year for the Water and Sewer Fund amounted to \$3,199,097. This represents total Net Assets at June 30, 2015 of \$20,206,140.

## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were as follows: changes to revenues were as follows: General Fund – increase of \$663,913; General Purpose School Fund – decrease of \$119,876; School Federal and State Programs – no change; changes to appropriations of General Fund increase \$574,595; General Purpose School Fund – increase \$19,687; School Federal and State Programs – no change.

Specific Revenue increases for the General Fund and General Purpose School Fund were as follows:

|                                     | Budgeted Amounts |              |
|-------------------------------------|------------------|--------------|
|                                     | Original         | Final        |
| <b>General Fund</b>                 |                  |              |
| Revenues:                           |                  |              |
| Total Taxes Revenue                 | \$ 9,648,246     | \$9,794,646  |
| <b>General Purpose School Fund:</b> |                  |              |
| Revenues                            | \$ 11,444,488    | \$11,324,612 |
| Operating Transfer-General Fund     | \$ 1,678,467     | \$1,678,467  |

### Capital Assets

The City of Manchester's investment in capital assets from its governmental and business-type activities at June 30, 2015, amounts to \$63,609,223 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total of the City's investment in capital assets for the current fiscal year decreased in the amount of \$1,046,361 (a net increase of \$218,018 for governmental activities and a net decrease of \$1,264,379 for business-type activities).

### City of Manchester's Capital Assets

|   | Governmental<br>Activities | Business-type<br>Activities | Total        |
|---|----------------------------|-----------------------------|--------------|
| Land  | \$ 4,711,324               | \$ 210,937                  | \$ 4,922,261 |
| Buildings/land improvement<br>and utility plant | 27,642,718                 | 49,030,789                  | 76,673,507   |
| Equipment and furniture                         | 2,129,610                  | 1,221,532                   | 3,351,142    |
| Infrastructure                                  | 25,570,010                 |                             | 25,570,010   |
| Vehicles  | 4,139,878                  |                             | 4,139,878    |
| Construction in progress                        | 143,326                    | 1,144,462                   | 1,287,788    |
|   | 64,336,866                 | 51,607,720                  | 115,944,586  |
| Less Accumulated Depreciation                   | 34,125,030                 | 18,210,333                  | 52,335,363   |
| Net Capital Assets                              | \$30,211,836               | \$33,397,387                | \$63,609,223 |

Additional information on the City of Manchester's capital assets can be found in the notes to the financial statements section of this report.

## Long-term Debt

At the end of the current year, the City of Manchester had bonded debt outstanding of \$47,241,683. Of this amount, \$1,811,183 is due in the next fiscal year.

## City of Manchester's Outstanding Debt

|                                       | Governmental<br>Activities | Business-type<br>Activities | Total     |
|---------------------------------------|----------------------------|-----------------------------|-----------|
| Principal due in the next fiscal year | \$ 648,572                 | 1,162,611                   | 1,811,183 |

The City of Manchester's combined total bonded debt decreased in the amount of \$2,858,173 during the current fiscal year.

Additional information on the City of Manchester's debt can be found in the notes to the financial statements section of this report.

## Currently Known Factors Affecting Future Years

The unemployment rate for the Coffee County at the end of the fiscal year was 6.0%. This compares to the State's average unemployment rate of 6.3% and the national average rate of 5.5%. Due to the economic situation, the City used the conservative approach in the preparation of next year's budget. Property tax collection and local option sales tax were increased slightly in an anticipation of a slow economy.

## Requests for Information

This financial report is designed to provide a general overview of the City of Manchester, Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director/Chief Financial Officer, 200 West Fort Street, Manchester, TN 37355.

# **BASIC FINANCIAL STATEMENTS**

City of Manchester, Tennessee  
Statement of Net Position  
June 30, 2015

|   | <u>Primary Government</u> |               |              |
|---|---------------------------|---------------|--------------|
|   | Governmental              | Business-type |              |
|   | Activities                | Activities    | Total        |
| <u>ASSETS</u>                                 |                           |               |              |
| Cash  | \$ 522,076                | \$ 1,189,800  | \$ 1,711,876 |
| Investment in Pooled Cash                     | 8,402,826                 | 2,280,956     | 10,683,782   |
| Accounts Receivable                           | 305,851                   | 353,388       | 659,239      |
| Allowance for Uncollectible                   | (78,844)                  | (27,680)      | (106,524)    |
| Unbilled Water and Sewer                      | -                         | 149,664       | 149,664      |
| Due from Other Governments                    | 2,178,984                 | -             | 2,178,984    |
| Internal Balances                             | 53,391                    | -             | 53,391       |
| Property Taxes Receivable                     | 5,307,434                 | -             | 5,307,434    |
| Allowance for Uncollectible Property Taxes    | (75,902)                  | -             | (75,902)     |
| Other Taxes Receivable                        | 302,828                   | -             | 302,828      |
| Inventories                                   | 80,209                    | 167,053       | 247,262      |
| Current Portion of Notes Receivable from DRUC | -                         | 315,000       | 315,000      |
| Net Pension Asset                             | 308,519                   | 38,541        | 347,060      |
| Capital Assets:                               |                           |               |              |
| Assets Not Being Depreciated:                 |                           |               |              |
| Land  | 4,711,324                 | 210,937       | 4,922,261    |
| Construction in Progress                      | 143,326                   | 1,144,462     | 1,287,788    |
| Assets Net of Accumulated Depreciation:       |                           |               |              |
| Land Improvements                             | 251,572                   | -             | 251,572      |
| Buildings                                     | 15,231,164                | 140,699       | 15,371,863   |
| Vehicles                                      | 1,719,607                 | -             | 1,719,607    |
| Heavy Equipment                               | 138,697                   | -             | 138,697      |
| Other Equipment                               | 315,363                   | 157,953       | 473,316      |
| Water Plant                                   | -                         | 6,879,453     | 6,879,453    |
| Sewer Plant                                   | -                         | 24,863,882    | 24,863,882   |

City of Manchester, Tennessee  
Statement of Net Position (Cont.)

ASSETS (CONT.)

Capital Assets (Cont.):

Assets Net of Accumulated Depreciation (Cont.):

|   | Primary Government<br>Governmental<br>Activities | Business-type<br>Activities | Total         |
|---|--|-----------------------------|---------------|
| Infrastructure                            | 7,700,783  | -                           | 7,700,783     |
| Long-term Portion of Note Receivable DRUC | -  | 9,515,000                   | 9,515,000     |
| Total Assets                              | \$ 47,519,208                                    | \$ 47,379,108               | \$ 94,898,316 |

DEFERRED OUTFLOWS OF RESOURCES

|   |              |           |              |
|---|--------------|-----------|--------------|
| Pension Changes in Contributions after Measurement Date | \$ 892,131   | \$ 27,968 | \$ 920,099   |
| Pension Changes in Experience                           | 69,601       | -         | 69,601       |
| Pensions Other Deferrals                                | 154,962      | -         | 154,962      |
| Total Deferred Outflows of Resources                    | \$ 1,116,694 | \$ 27,968 | \$ 1,144,662 |

LIABILITIES

|   |            |            |              |
|---|------------|------------|--------------|
| Accounts Payable                        | \$ 809,353 | \$ 209,921 | \$ 1,019,274 |
| Accrued Payroll                         | 1,002,363  | 18,723     | 1,021,086    |
| Payroll Deductions Payable              | 514,985    | 1,319      | 516,304      |
| Accrued Interest Payable                | 66,481     | 36,383     | 102,864      |
| Other Payables                          | 42,133     | 1,690      | 43,823       |
| Internal Balances                       | -          | 53,391     | 53,391       |
| Due to State of Tennessee               | 480        | 18,354     | 18,834       |
| Duck River Utility Commission Surcharge | -          | 2,437      | 2,437        |
| Customer Deposits                       | -          | 338,211    | 338,211      |
| Surcharge Fee Payable                   | -          | 615        | 615          |
| Unearned Revenues                       | 85,071     | -          | 85,071       |
| Pooled Cash Overdraft                   | 84,208     | -          | 84,208       |

City of Manchester, Tennessee  
Statement of Net Position (Cont.)

LIABILITIES (CONT.)

Noncurrent Liabilities:

Due Within One Year  
Due in More Than One Year  
Total Liabilities

| <u>Primary Government</u> |                      |                      |
|---------------------------|----------------------|----------------------|
| <u>Governmental</u>       | <u>Business-type</u> |                      |
| <u>Activities</u>         | <u>Activities</u>    | <u>Total</u>         |
| 727,097                   | 1,162,611            | 1,889,708            |
| 24,161,174                | 25,331,191           | 49,492,365           |
| <u>\$ 27,493,345</u>      | <u>\$ 27,174,846</u> | <u>\$ 54,668,191</u> |

DEFERRED INFLOWS OF RESOURCES

Deferred Property Taxes  
Pension Changes in Experience  
Pension Changes in Investment Earnings  
Other Deferred/Unavailable Revenue  
Total Deferred Inflows of Resources

|                     |                  |                     |
|---------------------|------------------|---------------------|
| \$ 5,182,364        | \$ -             | \$ 5,182,364        |
| 29,045              | 4,000            | 33,045              |
| 2,522,547           | 22,090           | 2,544,637           |
| -                   | -                | -                   |
| <u>\$ 7,733,956</u> | <u>\$ 26,090</u> | <u>\$ 7,760,046</u> |

NET POSITION

Net Investment in Capital Assets  
Restricted for:  
Tourism and Community Development  
Drug Control and Investigation  
Education  
Operation of Non-instructional Services  
Unrestricted

|              |               |               |
|--------------|---------------|---------------|
| \$ 7,786,088 | \$ 17,007,043 | \$ 24,793,131 |
| 183,303      | -             | 183,303       |
| 502,844      | -             | 502,844       |
| 3,772        | -             | 3,772         |
| 183,518      | -             | 183,518       |
| 4,749,076    | 3,199,097     | 7,948,173     |

Total Net Position

|                      |                      |                      |
|----------------------|----------------------|----------------------|
| <u>\$ 13,408,601</u> | <u>\$ 20,206,140</u> | <u>\$ 33,614,741</u> |
|----------------------|----------------------|----------------------|



City of Manchester, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2015

| Functions/Programs   | Expenses      | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                 |
|--|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------|
|  |               | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          | Total           |
|  |               |                      |                                    |                                  | Governmental Activities                           | Business-type Activities |                 |
| Primary Government:  |               |                      |                                    |                                  |   |                          |                 |
| Governmental Activities:                                     |               |                      |                                    |                                  |   |                          |                 |
| General Government   | \$ 1,780,477  | \$ 96,957            | \$ -                               | \$ 199,122                       | \$ (1,484,398)                                    | \$ -                     | \$ (1,484,398)  |
| Public Safety  | 4,903,113     | 378,904              | 164,887                            | -                                | (4,359,322)                                       | -                        | (4,359,322)     |
| Public Works   | 2,850,491     | 908,955              | 346,332                            | -                                | (1,595,204)                                       | -                        | (1,595,204)     |
| Health, Welfare, Culture and Recreation                      | 2,226,175     | 1,319,399            | 34,462                             | 245,885                          | (626,429)   | -                        | (626,429)       |
| Economic Development and Assistance                          | 55,325        | -                    | 2,500                              | 456,326                          | 403,501   | -                        | 403,501         |
| Education  | 15,410,104    | 335,365              | 12,981,871                         | -                                | (2,092,868)                                       | -                        | (2,092,868)     |
| Debt Service   | 919,919       | -                    | -                                  | -                                | (919,919)   | -                        | (919,919)       |
| Total Governmental Activities                                | \$ 28,145,604 | \$ 3,039,580         | \$ 13,530,052                      | \$ 901,333                       | \$ (10,674,639)                                   | \$ -                     | \$ (10,674,639) |
| Business-type Activities                                     |               |                      |                                    |                                  |   |                          |                 |
| Water and Sewer  | 5,865,802     | 5,892,440            | 17,400                             |                                  | -   | 44,038                   | 44,038          |
| Total Primary Government                                     | \$ 34,011,406 | \$ 8,932,020         | \$ 13,547,452                      | \$ 901,333                       | \$ (10,674,639)                                   | \$ 44,038                | \$ (10,630,601) |
| General Revenues   |               |                      |                                    |                                  |   |                          |                 |
| Property Taxes   |               |                      |                                    |                                  | \$ 4,531,008                                      | \$ -                     | \$ 4,531,008    |
| Interest and Penalty on Taxes                                |               |                      |                                    |                                  | 76,615  | -                        | 76,615          |
| In-Lieu of Taxes   |               |                      |                                    |                                  | 124,988   | -                        | 124,988         |
| Local Sales Tax  |               |                      |                                    |                                  | 3,928,653   | -                        | 3,928,653       |
| Wholesale Beer Tax   |               |                      |                                    |                                  | 502,246   | -                        | 502,246         |
| Wholesale Liquor Tax   |               |                      |                                    |                                  | 222,445   | -                        | 222,445         |
| Business Taxes   |               |                      |                                    |                                  | 306,798   | -                        | 306,798         |
| Cable TV Franchise Tax                                       |               |                      |                                    |                                  | 134,958   | -                        | 134,958         |
| Room Occupancy Tax   |               |                      |                                    |                                  | 672,460   | -                        | 672,460         |
| State Sales Tax  |               |                      |                                    |                                  | 766,081   | -                        | 766,081         |
| Other State Taxes - Unrestricted                             |               |                      |                                    |                                  | 231,301   | -                        | 231,301         |
| Licenses and Permits   |               |                      |                                    |                                  | 70,965  | -                        | 70,965          |
| Grants and Contributions Not Restricted to Specific Programs |               |                      |                                    |                                  | 62,727  | -                        | 62,727          |
| Other Local Revenues - Unrestricted                          |               |                      |                                    |                                  | 154,669   | -                        | 154,669         |
| Unrestricted Investment Earnings and Rental Income           |               |                      |                                    |                                  | 43,350  | 130,254                  | 173,604         |
| Gain on Sale of Capital Assets                               |               |                      |                                    |                                  | 115,124   | -                        | 115,124         |
| Total General Revenues                                       |               |                      |                                    |                                  | \$ 11,944,388                                     | \$ 130,254               | \$ 12,074,642   |
| Change in Net Position                                       |               |                      |                                    |                                  | \$ 1,269,749                                      | \$ 174,292               | \$ 1,444,041    |
| Net Position Beginning of Year as Previously Reported        |               |                      |                                    |                                  | 14,312,282  | 19,974,720               | 34,287,002      |
| Restatements (Note 15)                                       |               |                      |                                    |                                  | (2,173,430)                                       | 57,128                   | (2,116,302)     |
| Net Position - End of Year                                   |               |                      |                                    |                                  | \$ 13,408,601                                     | \$ 20,206,140            | \$ 33,614,741   |

City of Manchester, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2015

|  | Major Funds         |                        |                     | Nonmajor Funds           | Total                |
|--|---------------------|------------------------|---------------------|--------------------------|----------------------|
|  | General             | General Purpose School | Debt Service        | Other Governmental Funds | Governmental Funds   |
| <u>ASSETS</u>                              |                     |                        |                     |                          |                      |
| Cash                                       | \$ -                | \$ 6,091               | \$ -                | \$ 515,985               | \$ 522,076           |
| Investment in Pooled Cash                  | 2,958,216           | 2,518,988              | 2,191,568           | 734,054                  | 8,402,826            |
| Accounts Receivable                        | 11,784              | 207,051                | -                   | 87,016                   | 305,851              |
| Allowance for Uncollectible                | (10,992)            | -                      | -                   | (67,852)                 | (78,844)             |
| Due from Other Governments                 | 1,099,263           | 804,606                | -                   | 275,115                  | 2,178,984            |
| Due from Other Funds                       | 1,496               | -                      | -                   | 53,391                   | 54,887               |
| Property Taxes Receivable                  | 5,307,434           | -                      | -                   | -                        | 5,307,434            |
| Allowance for Uncollectible Property Taxes | (75,902)            | -                      | -                   | -                        | (75,902)             |
| Other Taxes Receivable                     | 256,601             | -                      | -                   | 46,227                   | 302,828              |
| Inventories                                | 69,288              | -                      | -                   | 10,921                   | 80,209               |
| Total Assets                               | <u>\$ 9,617,188</u> | <u>\$ 3,536,736</u>    | <u>\$ 2,191,568</u> | <u>\$ 1,654,857</u>      | <u>\$ 17,000,349</u> |
| <u>LIABILITIES</u>                         |                     |                        |                     |                          |                      |
| Accounts Payable                           | \$ 555,334          | \$ 18,268              | \$ -                | \$ 235,751               | \$ 809,353           |
| Accrued Payroll                            | 101,430             | 807,992                | -                   | 92,941                   | 1,002,363            |
| Payroll Deductions Payable                 | 7,775               | 505,096                | -                   | 2,114                    | 514,985              |
| Other Payables                             | 1,710               | -                      | -                   | 40,423                   | 42,133               |
| Due to Other Funds                         | -                   | 1,496                  | -                   | -                        | 1,496                |
| Due to State of Tennessee                  | 456                 | 24                     | -                   | -                        | 480                  |
| Unearned Revenues                          | -                   | -                      | -                   | 85,071                   | 85,071               |
| Pooled Cash Overdraft                      | -                   | -                      | -                   | 84,208                   | 84,208               |
| Total Liabilities                          | <u>\$ 666,705</u>   | <u>\$ 1,332,876</u>    | <u>\$ -</u>         | <u>\$ 540,508</u>        | <u>\$ 2,540,089</u>  |

City of Manchester, Tennessee  
Balance Sheet  
Governmental Funds (Cont.)

|  | Major Funds  |                              |                 | Nonmajor<br>Funds              | Total                 |
|--|--------------|------------------------------|-----------------|--------------------------------|-----------------------|
|  | General      | General<br>Purpose<br>School | Debt<br>Service | Other<br>Governmental<br>Funds | Governmental<br>Funds |
| <u>DEFERRED INFLOWS OF RESOURCES</u>                               |              |                              |                 |                                |                       |
| Deferred Property Taxes  | \$ 5,182,364 | \$ -                         | \$ -            | \$ -                           | \$ 5,182,364          |
| Other Deferred/Unavailable Revenue                                 | -            | 173,004                      | -               | -                              | 173,004               |
| Total Deferred Inflows of Resources                                | \$ 5,182,364 | \$ 173,004                   | \$ -            | \$ -                           | \$ 5,355,368          |
| <u>FUND BALANCES</u>   |              |                              |                 |                                |                       |
| Nonspendable:  |              |                              |                 |                                |                       |
| Inventory  | \$ 69,288    | \$ -                         | \$ -            | \$ 10,921                      | \$ 80,209             |
| Restricted:  |              |                              |                 |                                |                       |
| Restricted for Tourism and Community Development                   | -            | -                            | -               | 183,303                        | 183,303               |
| Restricted for Drug Control and Investigation                      | -            | -                            | -               | 502,844                        | 502,844               |
| Restricted for Education   | -            | 3,020                        | -               | 752                            | 3,772                 |
| Restricted for Operation of Non-instructional Services             | -            | -                            | -               | 183,518                        | 183,518               |
| Committed:   |              |                              |                 |                                |                       |
| Committed for Information Systems                                  | 1,554        | -                            | -               | -                              | 1,554                 |
| Committed for General Government & Buildings                       | 9,844        | -                            | -               | -                              | 9,844                 |
| Committed for Police Department                                    | 13,402       | -                            | -               | -                              | 13,402                |
| Committed for Public Works   | 4,997        | -                            | -               | -                              | 4,997                 |
| Committed for Recreation Centers                                   | -            | -                            | -               | 121,888                        | 121,888               |
| Committed for Park Areas   | -            | -                            | -               | 1,640                          | 1,640                 |
| Committed for Education  | -            | 1,409,005                    | -               | -                              | 1,409,005             |
| Committed for Operation of Non-instructional Services              | -            | 83,377                       | -               | -                              | 83,377                |
| Committed for Debt Service   | -            | 535,454                      | 2,191,568       | -                              | 2,727,022             |
| Assigned   | -            | -                            | -               | 164,186                        | 164,186               |
| Unassigned   | 3,669,034    | -                            | -               | (54,703)                       | 3,614,331             |
| Total Fund Balances  | \$ 3,768,119 | \$ 2,030,856                 | \$ 2,191,568    | \$ 1,114,349                   | \$ 9,104,892          |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 9,617,188 | \$ 3,536,736                 | \$ 2,191,568    | \$ 1,654,857                   | \$ 17,000,349         |

City of Manchester, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

|   |                     |                      |
|---|---------------------|----------------------|
| Total fund balances - balance sheet - governmental funds  |                     | \$ 9,104,892         |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:  |                     |                      |
| Land  | \$ 4,711,324        |                      |
| Construction in Progress  | 143,326             |                      |
| Land Improvements   | 251,572             |                      |
| Buildings   | 15,231,164          |                      |
| Vehicles  | 1,719,607           |                      |
| Heavy Equipment   | 138,697             |                      |
| Other Equipment   | 315,363             |                      |
| Infrastructure  | <u>7,700,783</u>    | 30,211,836           |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.   |                     |                      |
| Accrued Interest Payable  | \$ (66,481)         |                      |
| Due Within One Year   | (727,097)           |                      |
| Due in More Than One Year   | <u>(24,161,174)</u> | (24,954,752)         |
| (3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recongnized as components of pension expense in furture years. |                     |                      |
| Deferred outflows of resources related to pensions  | \$ 1,116,694        |                      |
| Deferred inflows of resources related to pensions   | (2,551,592)         | (1,434,898)          |
| (4) Net pension assets of the city agent plan are not current financial resources and are therefore not reported in the governmental funds.   |                     | 308,519              |
| (5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.   |                     | <u>173,004</u>       |
| Net position of governmental activities   |                     | <u>\$ 13,408,601</u> |

City of Manchester, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

|   | Major Funds    |                        |                | Nonmajor Funds           | Total              |
|---|----------------|------------------------|----------------|--------------------------|--------------------|
|   | General        | General Purpose School | Debt Service   | Other Governmental Funds | Governmental Funds |
| <u>Revenues</u>                         |                |                        |                |                          |                    |
| Local Taxes                             | \$ 10,094,596  | \$ -                   | \$ -           | \$ 280,587               | \$ 10,375,183      |
| Licenses and Permits                    | 70,965         | -                      | -              | -                        | 70,965             |
| Charges for Current Services            | 21,066         | 151,300                | -              | 2,314,927                | 2,487,293          |
| Fines, Forfeitures and Penalties        | 247,158        | -                      | -              | 70,170                   | 317,328            |
| Other Local Revenue                     | 187,040        | 43,719                 | 39,272         | 218,332                  | 488,363            |
| Intergovernmental                       | 1,818,752      | 11,249,469             | -              | 2,227,535                | 15,295,756         |
| Total Revenues                          | \$ 12,439,577  | \$ 11,444,488          | \$ 39,272      | \$ 5,111,551             | \$ 29,034,888      |
| <u>Expenditures</u>                     |                |                        |                |                          |                    |
| General Government                      | \$ 1,866,109   | \$ -                   | \$ -           | \$ -                     | \$ 1,866,109       |
| Public Safety                           | 4,447,129      | -                      | -              | 217,568                  | 4,664,697          |
| Public Works                            | 1,616,182      | -                      | -              | 1,182,883                | 2,799,065          |
| Health, Welfare, Culture and Recreation | 142,949        | -                      | -              | 2,136,054                | 2,279,003          |
| Economic Development and Assistance     | -              | -                      | -              | 621,547                  | 621,547            |
| Education                               | -              | 13,973,180             | -              | 1,721,790                | 15,694,970         |
| Debt Service                            | -              | -                      | 1,490,670      | -                        | 1,490,670          |
| Total Expenditures                      | \$ 8,072,369   | \$ 13,973,180          | \$ 1,490,670   | \$ 5,879,842             | \$ 29,416,061      |
| Excess (Deficiency) of Revenues         | \$ 4,367,208   | \$ (2,528,692)         | \$ (1,451,398) | \$ (768,291)             | \$ (381,173)       |
| <u>Other Financing Sources (Uses)</u>   |                |                        |                |                          |                    |
| Transfers In                            | \$ -           | \$ 1,678,467           | \$ 1,488,279   | \$ 603,701               | \$ 3,770,447       |
| Transfers Out                           | (3,670,070)    | -                      | -              | (100,377)                | (3,770,447)        |
| Capitalized Lease Proceeds              | -              | -                      | -              | 241,587                  | 241,587            |
| Total other Financing Sources           | \$ (3,670,070) | \$ 1,678,467           | \$ 1,488,279   | \$ 744,911               | \$ 241,587         |
| Net Change in Fund Balance              | \$ 697,138     | \$ (850,225)           | \$ 36,881      | \$ (23,380)              | \$ (139,586)       |
| Fund Balance, July 1, 2014              | 3,070,981      | 3,066,953              | 2,154,687      | 1,226,913                | 9,519,534          |
| Prior Period Adjustment                 | -              | (185,872)              | -              | (89,184)                 | (275,056)          |
| Fund Balance, June 30, 2015             | \$ 3,768,119   | \$ 2,030,856           | \$ 2,191,568   | \$ 1,114,349             | \$ 9,104,892       |

City of Manchester, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities

Amounts reported for governmental activities in the statement of activities are different because:

|  |              |
|--|--------------|
| Net change in fund balances - total governmental funds | \$ (139,586) |
|--|--------------|

Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expenses. The difference between capital outlays and depreciation is itemized as follows:

|   |              |        |
|---|--------------|--------|
| Add: capital assets purchased in the current period | \$ 1,486,980 |        |
| Less: current-year depreciation expense             | (1,476,422)  | 10,558 |

The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.

|  |             |         |
|--|-------------|---------|
| Less: book value of capital assets disposed            | \$ (27,500) |         |
| Add: donations of capital assets                       | 209,980     |         |
| Add: confiscations of capital assets placed in service | 24,979      | 207,459 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

|   |         |
|---|---------|
| Add: other deferred/unavailable revenue June 30, 2015 | 173,004 |
|---|---------|

The issuance of long-term debt (e.g. bonds, notes, capitalized leases and other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar item when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.

|  |            |         |
|--|------------|---------|
| Add: principal payment on long-term debt | \$ 637,232 |         |
| Less: capitalized lease proceeds         | (241,587)  | 395,645 |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

|  |             |         |
|--|-------------|---------|
| Change in accrued interest payable                           | \$ (66,481) |         |
| Change in compensated absences payable                       | (49,252)    |         |
| Change in net pension asset                                  | 2,206,893   |         |
| Change in deferred outflows of resources related to pensions | 935,907     |         |
| Change in deferred inflows of resources related to pensions  | (2,370,803) |         |
| Change in other postemployment benefits liability            | (33,595)    | 622,669 |

|   |                  |
|---|------------------|
| Change in net position of governmental activities | <u>1,269,749</u> |
|---|------------------|

City of Manchester, Tennessee  
Water and Sewer Fund  
Statement of Net Position  
For the Year Ended June 30, 2015

ASSETS

|   |                      |
|---|----------------------|
| Cash  | \$ 1,189,800         |
| Investment in Pooled Cash                     | 2,280,956            |
| Accounts Receivable                           | 353,388              |
| Allowance for Uncollectible                   | (27,680)             |
| Unbilled Water and Sewer                      | 149,664              |
| Inventories                                   | 167,053              |
| Current Portion of Notes Receivable from DRUC | 315,000              |
| Net Pension Asset Account                     | 38,541               |
| Capital Assets:                               |                      |
| Assets Not Being Depreciated:                 |                      |
| Land  | 210,937              |
| Construction in Progress                      | 1,144,462            |
| Assets Net of Accumulated Depreciation:       |                      |
| Buildings                                     | 140,699              |
| Equipment                                     | 157,953              |
| Water Plant                                   | 6,879,453            |
| Sewer Plant                                   | 24,863,882           |
| Notes Receivable from DRUC                    | 9,515,000            |
| Total Assets                                  | <u>\$ 47,379,108</u> |

DEFERRED OUTFLOWS OF RESOURCES

|   |                  |
|---|------------------|
| Pension Changes in Contributions after Measurement Date | \$ 27,968        |
| Total Deferred Outflows of Resources                    | <u>\$ 27,968</u> |

LIABILITIES

|                            |                      |
|----------------------------|----------------------|
| Accounts Payable           | \$ 209,921           |
| Accrued Payroll            | 18,723               |
| Payroll Deductions Payable | 1,319                |
| Refunds Payable            | 1,690                |
| Accrued Interest Payable   | 36,383               |
| Due to Other Funds         | 53,391               |
| Due to State of Tennessee  | 18,354               |
| DRUC Water Surcharge       | 2,437                |
| Customer Deposits          | 338,211              |
| Surcharge Fee Payable      | 615                  |
| Noncurrent Liabilities:    |                      |
| Due Within One Year        | 1,162,611            |
| Due in More Than One Year  | 25,331,191           |
| Total Liabilities          | <u>\$ 27,174,846</u> |

City of Manchester, Tennessee  
Water and Sewer Fund  
Statement of Net Position (Cont.)

DEFERRED INFLOWS OF RESOURCES

|  |                  |
|--|------------------|
| Pension Changes in Experience          | \$ 4,000         |
| Pension Changes in Investment Earnings | 22,090           |
| Total Deferred Inflows of Resources    | <u>\$ 26,090</u> |

NET POSITION

|                                  |                      |
|----------------------------------|----------------------|
| Net Investment in Capital Assets | \$ 17,007,043        |
| Unrestricted                     | <u>3,199,097</u>     |
| Net Position                     | <u>\$ 20,206,140</u> |



**City of Manchester, Tennessee**  
**Water and Sewer Fund**  
**Statement of Revenue, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2015**

**Operating Revenues**

**Water Revenues**

|   |            |              |
|---|------------|--------------|
| Inside Residential/Metered Water Sales  | \$ 749,345 |              |
| Inside Commercial/Metered Water Sales   | 556,285    |              |
| Inside Industrial/Metered Water Sales   | 135,209    |              |
| Outside Residential/Metered Water Sales | 726,943    |              |
| Outside Commercial/Metered Water Sales  | 116,961    |              |
| Outside Industrial/Metered Water Sales  | 381,356    |              |
| Ready to Serve                          | 13,841     |              |
| Sprinkler System/Fire Protection        | 55,377     |              |
| Sales to Hillsville Utility District    | 508,631    |              |
| Forfeited Discounts/Penalties           | 98,139     |              |
| Water Service Calls                     | 53,504     |              |
| Water Tap Fees                          | 31,070     |              |
| Miscellaneous - Water                   | 30,959     |              |
| Total Water Revenues                    |            | \$ 3,457,620 |

**Sewer Revenues**

|                                     |            |           |
|-------------------------------------|------------|-----------|
| Sewer Charges - Inside Residential  | \$ 884,316 |           |
| Sewer Charges - Inside Commercial   | 638,265    |           |
| Sewer Charges - Inside Industrial   | 264,258    |           |
| Sewer Charges - Outside Residential | 4,344      |           |
| Sewer Charges - Outside Commercial  | 46,988     |           |
| Sewer Charges - Outside Industrial  | 468,396    |           |
| Hillsville Sewer                    | 15,860     |           |
| Pretreatment Fees                   | 64,572     |           |
| Sewer Tap Fees                      | 15,900     |           |
| Total Sewer Revenues                |            | 2,402,899 |

**Other Revenues from Operations**

|                                      |           |        |
|--------------------------------------|-----------|--------|
| Billing Administration Fees          | \$ 31,898 |        |
| Bad Debt Collections                 | 23        |        |
| Total Other Revenues from Operations |           | 31,921 |

Total Operating Revenues \$ 5,892,440

**City of Manchester, Tennessee**

**Water and Sewer Fund**

**Statement of Revenue, Expenses and Changes in Net Position (Cont.)**

**Operating Expenses**

**Water Distribution**

|                            |           |              |
|----------------------------|-----------|--------------|
| Electric                   | \$ 77,439 |              |
| Telephone and Telegraph    | 11,272    |              |
| Water Purchased for Resale | 1,179,665 |              |
| Provision for Depreciation | 316,095   |              |
| Total Water Distribution   |           | \$ 1,584,471 |

**Shop & Maintenance**

|  |            |           |
|--|------------|-----------|
| Regular Employee Salaries              | \$ 832,553 |           |
| Salaries - Overtime                    | 42,780     |           |
| Accrued Benefits                       | 8,390      |           |
| OASI Employer Share                    | 65,061     |           |
| Employee Health Insurance              | 251,507    |           |
| Retirement - TCRS                      | 13,909     |           |
| Retirement - ING                       | 24,179     |           |
| Employee Dental Insurance              | 13,010     |           |
| Employee Life Insurance                | 1,737      |           |
| Worker's Compensation Insurance        | 22,272     |           |
| Unemployment Insurance                 | 1,211      |           |
| Education/Training                     | 240        |           |
| Electric                               | 3,825      |           |
| Telephone and Telegraph                | 2,468      |           |
| Architectural Engineering Service      | 30,691     |           |
| Other Professional Service             | 42,687     |           |
| Repair & Maintenance - Motor Vehicle   | 13,435     |           |
| Repair & Maintenance - Other Machinery | 27,557     |           |
| Repair & Maintenance Grounds I         | 637        |           |
| Repair & Maintenance - Buildings       | 2,107      |           |
| Repair/Maintenance - Water             | 98,416     |           |
| Repair/Maintenance - Sewer             | 28,737     |           |
| Small Items of Equipment               | 4,110      |           |
| Household & Janitorial Supplies        | 215        |           |
| Clothing and Uniforms                  | 1,266      |           |
| Other Operating Supplies               | 4,864      |           |
| Gas, Oil, Diesel, Fuel, Grease         | 30,908     |           |
| Repair Parts - Water/Sewer             | 8,977      |           |
| General Liability Insurance            | 11,198     |           |
| Machinery And Equipment                | 416        |           |
| Provision for Depreciation             | 15,258     |           |
| State - Annual Maintenance             | 9,775      |           |
| Total Shop & Maintenance               |            | 1,614,396 |

**City of Manchester, Tennessee**  
**Water and Sewer Fund**  
**Statement of Revenue, Expenses and Changes in Net Position (Cont.)**

**Operating Expenses (Cont.)**

**Customer Account & Collection**

|   |            |         |
|---|------------|---------|
| Regular Employee Salaries               | \$ 135,425 |         |
| Salaries - Overtime                     | 176        |         |
| Accrued Benefits                        | 1,224      |         |
| OASI Employers Share                    | 10,123     |         |
| Employee Insurance                      | 47,441     |         |
| Retirement - ING                        | 8,968      |         |
| Dental Insurance                        | 2,448      |         |
| Death Benefits Plan                     | 302        |         |
| Workman's Comp - Employer               | 236        |         |
| Unemployment Insurance                  | 288        |         |
| Education/Training                      | 4,138      |         |
| Postage                                 | 27,649     |         |
| Printing, Duplication, Typing           | 6,333      |         |
| Publication Legal Notice                | 1,287      |         |
| Telephone and Telegraph                 | 475        |         |
| Other Utility Services                  | 5,819      |         |
| Accounting/Audit Services               | 8,100      |         |
| Architectural/Engineering               | 270        |         |
| Data Processing Support                 | 8,125      |         |
| Other Professional Services             | 1,827      |         |
| Repair and Maintenance - Bldg./F        | 204        |         |
| Repair and Maintenance - Computer Equip | 3,010      |         |
| Office Supplies                         | 2,237      |         |
| Small Item of Equipment                 | 165        |         |
| Gas, Oil, Diesel, Fuel, Grease          | 7,608      |         |
| General Liability                       | 1,244      |         |
| Professional Liability/Surety Bonds     | 300        |         |
| Machinery & Equipment Co                | 108        |         |
| Provision for Depreciation              | 3,660      |         |
| Bad Debt Expense                        | 7,352      |         |
| Total Customer Account & Collection     |            | 296,542 |

**Sewer Treatment & Disposal**

|                                |            |
|--------------------------------|------------|
| Regular Employee Salaries      | \$ 121,727 |
| Salaries - Overtime            | 14,902     |
| Accrued Benefits               | 2,448      |
| OASI Employer Share            | 10,178     |
| Employee Health Insurance      | 41,807     |
| Retirement- ING                | 9,543      |
| Employee Dental Insurance      | 2,281      |
| Employee Life Insurance        | 255        |
| Workers Compensation Insurance | 2,662      |

**City of Manchester, Tennessee**

**Water and Sewer Fund**

**Statement of Revenue, Expenses and Changes in Net Position (Cont.)**

**Operating Expenses (Cont.)**

**Sewer Treatment & Disposal (Cont.)**

|  |           |           |
|--|-----------|-----------|
| Unemployment Insurance                 | 162       |           |
| Education/Training                     | 1,787     |           |
| Dues and Subscriptions                 | 45        |           |
| Electric                               | 305,514   |           |
| Telephone and Telegraph                | 1,977     |           |
| Repair & Maintenance - Other Machinery | 35,671    |           |
| Small Items of Equipment               | 15        |           |
| Chemical, Lab & Med Supplies           | 34,029    |           |
| Gas, Oil, Diesel, Fuel and Grease      | 6,509     |           |
| Waste Water Pretreatment               | 33,631    |           |
| Sewer General Liability                | 18,664    |           |
| Provision for Depreciation             | 1,033,848 |           |
| State - Annual Maintenance             | 9,158     |           |
| Total Sewer Treatment & Disposal       |           | 1,686,813 |

**Mechanical Maintenance**

|                                   |           |         |
|-----------------------------------|-----------|---------|
| Regular Employee Salaries         | \$ 67,488 |         |
| Salaries - Overtime               | 14,908    |         |
| Accrued Benefits                  | 612       |         |
| OASI Employers Share              | 6,157     |         |
| Employee Health Insurance         | 19,172    |         |
| Retirement- TCRS                  | 2,465     |         |
| Employee Dental Insurance         | 972       |         |
| Employee Life Insurance           | 153       |         |
| Unemployment Insurance            | 162       |         |
| Other Operating Supplies          | 2,607     |         |
| Gas, Oil, Diesel, Fuel and Grease | 828       |         |
| Total Mechanical Maintenance      |           | 115,524 |

Total Operation Expenses \$ 5,297,746

Total Operating Income \$ 594,694

**City of Manchester, Tennessee**

**Water and Sewer Fund**

**Statement of Revenue, Expenses and Changes in Net Position (Cont.)**

**Non-operating Revenues (Expenses)**

|  |            |                             |
|--|------------|-----------------------------|
| Interest Earnings                                      | \$ 10,969  |                             |
| Water Tower Leases                                     | 119,285    |                             |
| Coffee County Industrial Park Contract                 | 17,400     |                             |
| Interest Expense                                       | (567,135)  |                             |
| Bank Service Charges/Fiscal Agent Fees                 | (921)      |                             |
| Total Non-operating Revenues (Expenses)                |            | <u>(420,402)</u>            |
| Change in Net Position                                 | \$ 174,292 |                             |
| Net Position, Beginning of Year as Previously Reported |            | 19,974,720                  |
| Restatement (Note 15)                                  |            | <u>57,128</u>               |
| Net Position 6/30/2015                                 |            | <u><u>\$ 20,206,140</u></u> |

**City of Manchester, Tennessee**  
**Water and Sewer Fund**  
**Statement of Cash Flow**  
**For the Year Ended June 30, 2015**

**Cash Flows from Operating Activities**

|  |                     |
|--|---------------------|
| Cash received from customers                 | \$ 5,992,312        |
| Cash paid to employees for services          | (1,821,071)         |
| Cash paid to suppliers of goods and services | (2,272,970)         |
| Net Cash provided by operating activities    | <u>\$ 1,898,271</u> |

**Cash Flows from Capital and Related Financing Activities**

|   |                       |
|---|-----------------------|
| Acquisitions of capital assets                            | \$ (104,481)          |
| Interest paid on capital debt                             | (530,752)             |
| Principal paid on capital debt                            | (819,602)             |
| Net Cash used by capital and related Financing Activities | <u>\$ (1,454,835)</u> |

**Cash Flows from Investing Activities**

|   |                   |
|---|-------------------|
| Interest received                         | \$ 10,969         |
| Other non operating receipts              | 135,764           |
| Net Cash provided by Investing Activities | <u>\$ 146,733</u> |

|                         |                            |
|-------------------------|----------------------------|
| Net Increase in Cash    | \$ 590,169                 |
| Cash, Beginning of Year | <u>2,880,587</u>           |
| Cash, End of Year       | <u><u>\$ 3,470,756</u></u> |

**Reconciliation of Operating Income to Net Cash Provided by Operations**

|  |                            |
|--|----------------------------|
| Operating Income   | \$ 594,694                 |
| Adjustments to reconcile operating income to net cash provided by operating activities |                            |
| Depreciation   | 1,315,705                  |
| (Increase) Decrease in Accounts Receivable   | 71,569                     |
| (Increase) Decrease in Inventories   | (14,234)                   |
| (Increase) Decrease in Deferred Outflows Related to Pension                            | (11,594)                   |
| Increase (Decrease) in Accounts Payable  | (57,869)                   |
| Net Cash Provided by Operating Activities  | <u><u>\$ 1,898,271</u></u> |

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2015

|  | Actual<br>(GAAP<br>Basis) | Less:<br>Encumbrances<br>07/01/14 | Add:<br>Encumbrances<br>06/30/15 | Actual<br>Revenues/<br>Expenditures<br>(Budgetary<br>Basis) | Budgeted Amounts |                | Variance<br>With Final<br>Budget-<br>Positive<br>(Negative) |
|--|---------------------------|-----------------------------------|----------------------------------|---|------------------|----------------|---|
|  |                           |                                   |                                  |   | Original         | Final          |   |
| <u>Revenues</u>                                |                           |                                   |                                  |   |                  |                |   |
| Local Taxes                                    | \$ 10,094,596             | \$ -                              | \$ -                             | \$ 10,094,596   | \$ 9,648,246     | \$ 9,794,646   | \$ 299,950  |
| Licenses and Permits                           | 70,965                    | -                                 | -                                | 70,965  | 87,000           | 72,000         | (1,035)   |
| Charges for Current Services                   | 21,066                    | -                                 | -                                | 21,066  | 17,150           | 17,350         | 3,716   |
| Fines, Forfeitures and Penalties               | 247,158                   | -                                 | -                                | 247,158   | 251,000          | 251,000        | (3,842)   |
| Other Local Revenue                            | 187,040                   | -                                 | -                                | 187,040   | 77,300           | 179,298        | 7,742   |
| Intergovernmental                              | 1,818,752                 | -                                 | -                                | 1,818,752   | 1,575,200        | 2,005,515      | (186,763)   |
| Total Revenues                                 | \$ 12,439,577             | \$ -                              | \$ -                             | \$ 12,439,577   | \$ 11,655,896    | \$ 12,319,809  | \$ 119,768  |
| <u>Expenditures</u>                            |                           |                                   |                                  |   |                  |                |   |
| <u>General Government</u>                      |                           |                                   |                                  |   |                  |                |   |
| City Court                                     | \$ 12,000                 | \$ -                              | \$ -                             | \$ 12,000   | \$ 12,000        | \$ 12,000      | \$ -  |
| Board of Mayor and Aldermen                    | 311,210                   | -                                 | -                                | 311,210   | 326,261          | 348,018        | 36,808  |
| Financial Administration                       | 330,682                   | -                                 | -                                | 330,682   | 350,225          | 350,225        | 19,543  |
| Information Systems                            | 93,108                    | -                                 | 1,554                            | 94,662  | 124,982          | 102,457        | 7,795   |
| Planning and Zoning                            | 270,207                   | -                                 | -                                | 270,207   | 307,020          | 310,520        | 40,313  |
| General Government and Buildings               | 848,902                   | (2,276)                           | 9,844                            | 856,470   | 761,500          | 1,235,964      | 379,494   |
| <u>Public Safety</u>                           |                           |                                   |                                  |   |                  |                |   |
| Police Department                              | 2,586,157                 | (3,302)                           | 13,402                           | 2,596,257   | 2,741,179        | 2,719,381      | 123,124   |
| Fire Department                                | 1,860,972                 | -                                 | -                                | 1,860,972   | 1,873,940        | 1,945,909      | 84,937  |
| <u>Public Works</u>                            |                           |                                   |                                  |   |                  |                |   |
| Public Works Department                        | 1,616,182                 | (575)                             | 4,997                            | 1,620,604   | 1,710,310        | 1,757,538      | 136,934   |
| <u>Health, Welfare, Culture and Recreation</u> |                           |                                   |                                  |   |                  |                |   |
| Contributions to Other Agencies                | 142,949                   | -                                 | -                                | 142,949   | 142,737          | 142,737        | (212)   |
| Total Expenditures                             | \$ 8,072,369              | \$ (6,153)                        | \$ 29,797                        | \$ 8,096,013  | \$ 8,350,154     | \$ 8,924,749   | \$ 828,736  |
| Excess (Deficiency) of Revenues                | \$ 4,367,208              | \$ 6,153                          | \$ (29,797)                      | \$ 4,343,564  | \$ 3,305,742     | \$ 3,395,060   | \$ 948,504  |
| <u>Other Financing Sources (Uses)</u>          |                           |                                   |                                  |   |                  |                |   |
| Transfers Out                                  | \$ (3,670,070)            | \$ -                              | \$ -                             | \$ (3,670,070)  | \$ (3,670,070)   | \$ (3,670,070) | \$ -  |
| Total Other Financing Sources                  | \$ (3,670,070)            | \$ -                              | \$ -                             | \$ (3,670,070)  | \$ (3,670,070)   | \$ (3,670,070) | \$ -  |
| Net Change in Fund Balance                     | \$ 697,138                | \$ 6,153                          | \$ (29,797)                      | \$ 673,494  | \$ (364,328)     | \$ (275,010)   | \$ 948,504  |
| Fund Balance, July 1, 2014                     | 3,070,981                 | (6,153)                           | -                                | 3,064,828   | 3,044,806        | 3,044,806      | 20,022  |
| Fund Balance, June 30, 2015                    | \$ 3,768,119              | \$ -                              | \$ (29,797)                      | \$ 3,738,322  | \$ 2,680,478     | \$ 2,769,796   | \$ 968,526  |

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Purpose School Fund  
For the Year Ended June 30, 2015

|  | Actual         | Budgeted Amounts |                | Variance<br>With Final<br>Budget-<br>Positive<br>(Negative) |
|--|----------------|------------------|----------------|---|
|  |                | Original         | Final          |   |
| <u>Revenues</u>                                |                |                  |                |   |
| Charges for Current Services                   | \$ 151,300     | \$ 152,000       | \$ 153,000     | \$ (1,700)  |
| Other Local Revenues                           | 43,719         | 12,500           | 12,071         | 31,648  |
| Intergovernmental                              | 11,249,469     | 15,303,688       | 11,159,541     | 89,928  |
| Total Revenues                                 | \$ 11,444,488  | \$ 11,444,488    | \$ 11,324,612  | \$ 119,876  |
| <u>Expenditures</u>                            |                |                  |                |   |
| <u>Instruction</u>                             |                |                  |                |   |
| Regular Instruction Program                    | \$ 7,329,382   | \$ 7,475,334     | \$ 7,515,222   | \$ 185,840  |
| Alternative Instruction Program                | 61,938         | 58,080           | 62,152         | 214   |
| Special Education Program                      | 1,477,855      | 1,469,142        | 1,522,216      | 44,361  |
| Student Body Education Program                 | 19,501         | 21,500           | 20,000         | 499   |
| <u>Support Services</u>                        |                |                  |                |   |
| Attendance                                     | 101,520        | 113,485          | 105,313        | 3,793   |
| Health Services                                | 161,542        | 161,242          | 161,615        | 73  |
| Other Student Support                          | 237,635        | 231,465          | 236,752        | (883)   |
| Regular Instruction Program                    | 561,000        | 591,488          | 571,039        | 10,039  |
| Special Education Program                      | 277,794        | 292,297          | 285,315        | 7,521   |
| Board of Education                             | 304,689        | 288,811          | 304,322        | (367)   |
| Office of the Superintendent                   | 211,397        | 271,591          | 265,259        | 53,862  |
| Office of the Principal                        | 707,598        | 743,349          | 719,012        | 11,414  |
| Fiscal Services                                | 388,117        | 308,503          | 310,133        | (77,984)  |
| Operation of Plant                             | 833,013        | 896,181          | 868,746        | 35,733  |
| Maintenance of Plant                           | 411,570        | 422,615          | 419,877        | 8,307   |
| Transportation                                 | 32,917         | 37,570           | 36,076         | 3,159   |
| Central and Other                              | 278,156        | 273,755          | 278,395        | 239   |
| <u>Operation of Non-instructional Services</u> |                |                  |                |   |
| Community Services                             | 299,369        | 190,800          | 184,721        | (114,648)   |
| Early Childhood Education                      | 277,457        | 277,456          | 277,456        | (1)   |
| <u>Capital Outlay</u>                          |                |                  |                |   |
| Regular Capital Outlay                         | 730            | -                | 730            | -   |
| Total Expenditures                             | \$ 13,973,180  | \$ 14,124,664    | \$ 14,144,351  | \$ 171,171  |
| Excess (Deficiency) of Revenues                | \$ (2,528,692) | \$ (2,680,176)   | \$ (2,819,739) | \$ 291,047  |
| <u>Other Financing Sources (Uses)</u>          |                |                  |                |   |
| Transfers In                                   | \$ 1,678,467   | \$ 1,678,467     | \$ 1,678,467   | \$ -  |
| Total Other Financing Sources                  | \$ 1,678,467   | \$ 1,678,467     | \$ 1,678,467   | \$ -  |
| Net Change in Fund Balance                     | \$ (850,225)   | \$ (1,001,709)   | \$ (1,141,272) | \$ 291,047  |
| Fund Balance, July 1, 2014                     | 3,066,953      | 2,448,879        | 2,448,879      | 618,074   |
| Prior Period Adjustment                        | (185,872)      | -                | -              | (185,872)   |
| Fund Balance, June 30, 2015                    | \$ 2,030,856   | \$ 1,447,170     | \$ 1,307,607   | \$ 723,249  |



City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Debt Service Fund  
For the Year Ended June 30, 2015

|                                       | Actual         | Budgeted Amounts |                | Variance<br>With Final<br>Budget-<br>Positive<br>(Negative) |
|---------------------------------------|----------------|------------------|----------------|---|
|                                       |                | Original         | Final          |   |
| <u>Revenues</u>                       |                |                  |                |   |
| Other Local Revenues                  | \$ 39,272      | \$ 45,700        | \$ 39,875      | \$ (603)  |
| Total Revenues                        | \$ 39,272      | \$ 45,700        | \$ 39,875      | \$ (603)  |
| <u>Expenditures</u>                   |                |                  |                |   |
| Debt Service                          | \$ 1,490,670   | \$ 1,478,598     | \$ 1,493,128   | \$ 2,458  |
| Total Expenditures                    | \$ 1,490,670   | \$ 1,478,598     | \$ 1,493,128   | \$ 2,458  |
| Excess (Deficiency) of Revenues       | \$ (1,451,398) | \$ (1,432,898)   | \$ (1,453,253) | \$ 1,855  |
| <u>Other Financing Sources (Uses)</u> |                |                  |                |   |
| Transfers In                          | \$ 1,488,279   | \$ 1,478,598     | \$ 1,490,334   | \$ 2,055  |
| Total Other Financing Sources         | \$ 1,488,279   | \$ 1,478,598     | \$ 1,490,334   | \$ 2,055  |
| Net Change in Fund Balance            | \$ 36,881      | \$ 45,700        | \$ 37,081      | \$ 3,910  |
| Fund Balance, July 1, 2014            | 2,154,687      | 2,212,885        | 2,212,885      | (58,198)  |
| Fund Balance, June 30, 2015           | \$ 2,191,568   | \$ 2,258,585     | \$ 2,249,966   | \$ (54,288)   |

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Manchester, Tennessee (the City) operates under a Mayor-Alderperson form of government. The City's major operations include the following departments: general government, public safety, public school system, highways and streets, health and social services, recreation, public improvements, and planning and zoning. In addition, the City owns and provides water and sewer services.

The accounting and reporting policies of the City relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The GASB periodically updates its codification of the existing Governmental Accounting Standards, which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant accounting policies of the City are described below.

**A. Reporting Entity**

The City, for financial purposes, includes all the funds relevant to the operations of the City of Manchester, Tennessee (the primary government). The City is also required to include in its financial statements those separately administered organizations (component units) with which the City has significant operational or financial relationships. The criteria for including organizations as component units within the City's reporting entity include whether the organization is legally separate and whether the City holds the corporate powers, whether the City appoints a majority of the organization's board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the City. Based on the foregoing criteria, the City of Manchester has no component units.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. However, when applicable, inter-fund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The City of Manchester issues all debt for the Manchester City Schools. There were no debt issues contributed by the City to the City Schools during the year ended June 30, 2015.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). However, July and August 2015 property tax collections have been included in revenues. All other revenue items are considered to be measurable and available only when the City receives cash.

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classifications within the financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont.)

General Purpose School Fund – The General Purpose School Fund is used to account for the primary activities of the schools of the City of Manchester.

Debt Service – The Debt Service Fund is used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than payable from the Proprietary Fund.

The City reports the following major proprietary fund:

Water & Sewer Fund - The Water & Sewer Fund accounts for revenues and expenses related to potable water and waste water services provided to customers of the system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the government's water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses of the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**D. DEPOSITS AND INVESTMENTS**

State statutes authorize the City to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the City's own legally issued bonds or notes.

The City's Financial Officer maintains a cash and internal investment pool that is used by all funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Investment in Pooled Cash.

Cash consists of cash-on-hand and on-deposit with financial institutions. For purposes of reporting cash on the Statement of Net Position, the City considers unrestricted highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash is reported on the Statement of Cash Flows as "Cash". At June 30, 2015, the City had no cash equivalents.

Investments – All investments are stated at fair value for all funds. At June 30, 2015, the City had no investments.

**E. RECEIVABLES AND PAYABLES**

All property taxes are shown with an allowance for un-collectibles. Allowance for un-collectibles are based on historical collection data.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**E. RECEIVABLES AND PAYABLES (CONT.)**

Property taxes are levied as of October 1. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

**F. INVENTORIES**

Inventories of the School Fund consists of food and supplies and is valued at cost and recorded using purchase and consumption methods for fund and governmental activities statement presentation.

Inventory of the Water and Sewer Funds, principally materials, supplies, and replacement parts, is valued at the lower of cost, first-in, first-out, or market.

Inventory of the General Fund, principally materials and gasoline, is valued at cost and recorded as an expenditure at the time individual inventory items are purchased.

**G. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The City's policy is to capitalize the net interest cost incurred during the year resulting from borrowings utilized to finance the construction of assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**G. CAPITAL ASSETS (CONT.)**

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Depreciation of capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

|                                 | <u>Estimated<br/>Useful Life</u> |
|---------------------------------|----------------------------------|
| Buildings                       | 25-50 Years                      |
| Infrastructure (roads, bridges) | 50 Years                         |
| Distribution Systems            | 10-50 Years                      |
| Equipment                       | 3-10 Years                       |
| Furniture and Fixtures          | 3-10 Years                       |

**H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.



**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**I. COMPENSATED ABSENCES**

The City provides for the accumulation of unused vacation. Accumulated vacation and sick leave vest with the employee and may be taken, or paid to the employee upon termination or retirement. For Governmental Fund accounting and reporting purposes, no amounts accrued at June 30, 2015 are expected to be liquidated with expendable available financial resources; accordingly, a liability is not recorded in the fund statements. Compensated absences are accrued when incurred in the governmental activities and proprietary fund financial statements.

**J. LONG-TERM OBLIGATIONS**

In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt or other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other post-employment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

**K. RETIREMENT**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement (TCRS) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan. Investments are reported at fair value.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**L. INTERNAL ACTIVITY (DUE FROM/TO OTHER FUNDS)**

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (the non-current portion of interfund loans) or “advances to/from other funds” (the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” These balances are eliminated within the governmental activities funds and within the business-type activities funds. Any residual balances outstanding are reported in the government-wide financial statements as “internal balances.”

**M. NET POSITION AND FUND BALANCE**

In the government-wide financial statements, equity is classified as net position and may be displayed in the following components:

Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation. It should be noted that no outstanding long-term debt exists for this entity.

Restricted net position – Consists of net position with constraints placed on the use either by (A) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (B) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

Governmental funds utilize a fund balance presentation of equity. Fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned.

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in a spendable form (such as inventory or prepaid) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance - Includes amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation.

Committed fund balance - Includes amounts that can be used only for specific purposes imposed by a formal action of the government's highest level of decision-making authority. The Board of Alderman is the highest level of decision making authority for the Town that can,

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**N. NET POSITION AND FUND BALANCE (CONT.)**

by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by ordinance remains in place until a similar action is taken (adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance - Is intended to be used by the City for specific purposes but do not meet the classification as committed. This limitation can be imposed by a designee of the Board of Aldermen. The Board of Aldermen may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance - Is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

Fund Balance Flow Assumption - When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the Town that committed fund balances would be reduced first, followed by assigned amounts, and then unassigned amounts.

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

The Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position on page of this report includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONT.)**

- B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

The Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities on page of this report includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets and Budgetary Accounting - General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements, which govern the City's operations.

The City is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the City Board and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

Subsequently the budget is enacted through vote of the Aldermen with an operative date of July 1. Budgets, as adopted and amended, are adopted for the General Fund, and Special Revenue Funds, on a basis consistent with generally accepted accounting principles. These formal budgets are adopted on a departmental basis. The City Mayor is authorized to transfer budgeted amounts between departments within any fund. However, any revision that alters the total expenditures of any fund must be approved by the Board of Aldermen. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations that are not expended lapse at year end.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONT.)**

The City's budgetary basis of accounting is consistent GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

**4. DEPOSITS AND INVESTMENTS**

The City of Manchester participates in an internal cash and investment pool through the City Finance Director's office. The city financial officer is responsible for receiving, disbursing, and investing most city funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Investment in Pooled Cash. Cash reflected on the balance sheets or statements of net position represents non-pooled amounts held separately by individual funds.

All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105% of the average daily balance of public deposits held.

Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105% of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the City.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**5. RECEIVABLES**

**ACCOUNTS RECEIVABLE**

Accounts Receivable at June 30, 2015 consist of the following:

|  | General<br>Fund | General<br>Purpose<br>School<br>Fund | Other<br>Governmental<br>Funds | Water and<br>Sewer<br>Fund |
|--|-----------------|--------------------------------------|--------------------------------|----------------------------|
| Customers  | \$ 11,784       | \$ -                                 | \$ 87,016                      | \$ 353,388                 |
| Allowance for Uncollectable  | (10,992)        | -                                    | (67,852)                       | (27,680)                   |
| Due from National Institute for Excellence in<br>Teaching – Teacher Incentive Fund Grant | -               | 207,051                              | -                              | -                          |
| Total  | <u>\$ 208</u>   | <u>\$ 207,051</u>                    | <u>\$ 19,164</u>               | <u>\$ 355,708</u>          |

**OTHER TAXES RECEIVABLE**

Other Taxes Receivable at June 30, 2015 consist of the following:

|                        | General<br>Fund   | Other<br>Governmental<br>Funds |
|------------------------|-------------------|--------------------------------|
| Wholesale Beer Tax     | \$ 116,232        | \$ -                           |
| Wholesale Liquor Tax   | 41,036            | -                              |
| Cable TV Franchise Tax | 34,560            | -                              |
| Room Occupancy Tax     | 64,773            | 46,227                         |
| Total                  | <u>\$ 256,601</u> | <u>\$ 46,227</u>               |

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**5. RECEIVABLES (CONT.)**

**DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2015, consist of the following:

|   | General<br>Fund     | General<br>Purpose<br>School Fund | Other<br>Governmental<br>Funds |
|---|---------------------|-----------------------------------|--------------------------------|
| Due from Coffee County:                   |                     |                                   |                                |
| Court Fines                               | \$ -                | \$ -                              | \$ 2,693                       |
| Coffee County Shared Revenues:            |                     |                                   |                                |
| Current Property Taxes                    | -                   | 69,902                            | -                              |
| Trustee's Collections Prior Years         | -                   | 10,455                            | -                              |
| Clerk and Mater Property Tax Collections  | -                   | 8,705                             | -                              |
| Interest and Penalty on Property Taxes    | -                   | 2,173                             | -                              |
| Payments in Lieu of Taxes                 | -                   | 91                                | -                              |
| Local Option Sales Tax                    | -                   | 322,896                           | -                              |
| Interstate Telecommunications Tax         | -                   | 47                                | -                              |
| Marriage Licenses                         | -                   | 67                                | -                              |
| Due from State of Tennessee:              | -                   | -                                 | -                              |
| Local Option Sales Tax                    | 724,472             | -                                 | -                              |
| State Sales Tax                           | 137,460             | -                                 | -                              |
| State Income Tax                          | 112,565             | -                                 | -                              |
| State Mixed Drink Tax                     | 6,373               | -                                 | -                              |
| State Gas and Motor Fuel Tax              | 48,874              | -                                 | -                              |
| Early Childhood Education                 | -                   | 182,117                           | -                              |
| Other State Education Funds               | -                   | 65,238                            | -                              |
| Coordinated School Health                 | -                   | 19,898                            | -                              |
| Alcoholic Beverage Tax                    | -                   | 181                               | -                              |
| LEAPS Grant                               | -                   | 122,836                           | -                              |
| Title I Grant                             | -                   | -                                 | 6,726                          |
| English Language Acquisition Grant        | -                   | -                                 | 84                             |
| Special Education Grants to States        | -                   | -                                 | 128,060                        |
| Eisenhower Professional Development Grant | -                   | -                                 | 2,244                          |
| National School Lunch Program             | -                   | -                                 | 32,562                         |
| School Breakfast Program                  | -                   | -                                 | 12,089                         |
| City Streets and Transportation           | 3,430               | -                                 | -                              |
| State Highway Maintenance Contract        | 26,776              | -                                 | -                              |
| CDBG Grant                                | 39,313              | -                                 | -                              |
| Project Diabetes Implementation Grant     | -                   | -                                 | 58,239                         |
| Local Parks and Recreation Fund Grant     | -                   | -                                 | 32,418                         |
| <b>Total</b>                              | <b>\$ 1,099,263</b> | <b>\$ 804,606</b>                 | <b>\$ 275,115</b>              |

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

| <u><b>Governmental Activities</b></u>        | Balance<br>July 1, 2014 | Additions    | Deletions    | Balance<br>June 30, 2015 |
|--|-------------------------|--------------|--------------|--------------------------|
| <u>Capital assets not being depreciated:</u> |                         |              |              |                          |
| Land   | \$ 4,396,424            | \$ 314,900   | \$ -         | \$ 4,711,324             |
| Construction in Progress                     | 1,008,575               | 143,326      | 1,008,575    | 143,326                  |
| Total Not Being Depreciated                  | \$ 5,404,999            | \$ 458,226   | \$ 1,008,575 | \$ 4,854,650             |
| <u>Capital assets being depreciated:</u>     |                         |              |              |                          |
| Buildings                                    | \$27,068,945            | \$ 170,105   | \$ -         | \$ 27,239,050            |
| Land Improvements                            | 403,668                 |              |              | 403,668                  |
| Infrastructure                               | 23,769,245              | 1,800,765    | -            | 25,570,010               |
| Other Equipment                              | 1,420,889               | 23,934       | -            | 1,444,823                |
| Heavy Equipment                              | 676,812                 | 18,275       | 10,300       | 684,787                  |
| Vehicles                                     | 4,123,009               | 259,209      | 242,340      | 4,139,878                |
| Total Being Depreciated                      | \$ 57,462,568           | \$ 2,272,288 | \$252,640    | \$ 59,482,216            |
| <u>Accumulated Depreciation</u>              |                         |              |              |                          |
| Buildings                                    | \$11,236,731            | \$771,156    | \$ 0         | \$12,007,887             |
| Land Improvements                            | 136,044                 | 16,052       |              | 152,096                  |
| Infrastructure                               | 17,568,187              | 301,040      | 0            | 17,869,227               |
| Heavy Equipment                              | 531,418                 | 24,973       | 10,300       | 546,090                  |
| Other Equipment                              | 1,029,796               | 99,663       | -            | 1,129,459                |
| Vehicles                                     | 2,371,573               | 263,538      | 214,840      | 2,420,271                |
| Total Accumulated Depreciation               | \$32,873,749            | \$1,476,422  | \$ 225,140   | \$34,125,030             |
| Net Capital Assets Being Depreciated         | \$24,588,819            | \$ 795,866   | \$ 27,500    | \$25,357,186             |
| Net Capital Assets                           | \$29,993,818            | \$1,254,092  | \$ 1,036,075 | \$30,211,836             |

Depreciation expense was charged to the following locations:

|                    |                    |
|--------------------|--------------------|
| General government | \$ 44,255          |
| Public Safety      | 60,915             |
| Fire Dept          | 102,162            |
| Drug Fund          | 132,301            |
| Public Works       | 427,479            |
| Sanitation         | 29,613             |
| Recreation         | 270,502            |
| Schools            | 409,195            |
| Total              | <u>\$1,476,422</u> |



**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**6. CAPITAL ASSETS (CONT)**

| <u>Business-type Activities</u>              | Balance<br>July 1, 2014 | Additions    | Deletions  | Balance<br>June 30, 2015 |
|--|-------------------------|--------------|------------|--------------------------|
| <u>Capital assets not being depreciated:</u> |                         |              |            |                          |
| Land   | \$ 210,937              | \$ -         | \$ -       | \$ 210,937               |
| Construction in Progress                     | 1,615,534               | 214,917      | 685,989    | 1,144,462                |
| Total Not Being Depreciated                  | \$ 1,826,471            | \$ 214,917   | \$ 685,989 | \$ 1,355,399             |
| <u>Capital assets being depreciated:</u>     |                         |              |            |                          |
| Buildings                                    | \$ 407,201              | \$ -         | \$ -       | \$ 407,201               |
| Other Equipment                              | 1,221,532               | -            | -          | 1,221,532                |
| Utility Plant                                | 48,048,035              | 575,553      | -          | 48,623,588               |
| Total Being Depreciated                      | \$ 49,676,768           | \$ 575,553   | \$ -       | \$ 50,252,321            |
| <u>Accumulated Depreciation</u>              |                         |              |            |                          |
| Buildings                                    | \$ 260,034              | \$ 6,467     | \$ -       | \$ 266,501               |
| Other Equipment                              | 1,028,048               | 35,531       | -          | 1,063,579                |
| Utility Plant                                | 15,553,390              | 1,326,863    | -          | 16,880,253               |
| Total Accumulated Depreciation               | \$ 16,841,472           | \$ 1,368,861 | \$ -       | \$18,210,333             |
| Net Capital Assets Being Depreciated         | \$ 32,835,296           | \$ (793,308) | \$ -       | \$32,041,988             |
| Net Capital Assets                           | \$ 34,661,767           | \$ 578,391   | \$ 685,989 | \$33,397,387             |

During 2015, depreciation in the amount of \$1,368,861 was charged to operations.

**7. INTERFUND TRANSACTIONS**

The composition of inter-fund balances as of June 30, 2015 was as follows:

|                         | <u>Due To</u>    | <u>Due From</u>  |
|-------------------------|------------------|------------------|
| General                 | \$ -             | \$ 1,496         |
| General Purpose Schools | 1,496            |                  |
| Sanitation              | 53,391           | 0                |
| Water and Sewer         | 0                | 53,391           |
| Total                   | <u>\$ 54,887</u> | <u>\$ 54,887</u> |

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**8. LONG-TERM OBLIGATIONS**

**Governmental Activities**

**General Obligation Bonds, Capital Outlay Notes and Other Loans**

The City issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government.

General obligation bonds, capital outlay notes and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to 30 years for bonds and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2015, will be retired from the Debt Service Fund.

General obligation bonds capital outlay notes and other loans outstanding as of June 30, 2015, for governmental activities are as follows:

| Type                     | Interest<br>Rate | Final<br>Maturity | Original<br>Amount of<br>Issue | Balance<br>6-30-2015 |
|--------------------------|------------------|-------------------|--------------------------------|----------------------|
| Capital Outlay Notes     | 3.85%            | 2019              | \$ 550,000                     | \$ 236,340           |
| General Obligation Bonds | 2.91% to 4.70%   | 2038              | 21,790,000                     | 20,880,000           |
| Other Loans              | 3.90%            | 2021              | 1,460,000                      | 1,010,000            |

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2015, including interest payments and other loan fees, are presented in the following table:

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**8. LONG-TERM OBLIGATIONS (Cont.)**

**Governmental Activities (Cont.)**

**General Obligation Bonds, Capital Outlay Notes and Other Loans (Cont.)**

| Year Ending<br>June 30 | Principal           | Interest            | Total               |
|------------------------|---------------------|---------------------|---------------------|
| 2016                   | \$ 648,572          | \$ 836,786          | \$ 485,358          |
| 2017                   | 673,572             | 822,253             | 1,495,825           |
| 2018                   | 698,570             | 790,483             | 1,489,053           |
| 2019                   | 670,626             | 769,036             | 1,439,662           |
| 2020                   | 680,000             | 740,359             | 1,420,359           |
| 2021-2025              | 3,790,000           | 3,389,793           | 7,179,793           |
| 2026-2030              | 4,525,000           | 2,752,905           | 7,277,905           |
| 2031-2035              | 6,060,000           | 1,949,569           | 8,009,569           |
| 2036-2038              | 4,380,000           | 445,250             | 4,825,250           |
| Total                  | <u>\$22,126,340</u> | <u>\$12,496,434</u> | <u>\$34,622,774</u> |

Long-term obligation activity for the year ended June 30, 2015, was as follows:

|                             | Capital<br>Outlay Notes | General<br>Obligation<br>Bonds | Other<br>Loans     |
|-----------------------------|-------------------------|--------------------------------|--------------------|
| Balance, July 1, 2014       | \$ 314,912              | \$ 21,310,000                  | \$ 1,130,000       |
| Additions                   | -                       | -                              | -                  |
| Reductions                  | 78,572                  | 430,000                        | 120,000            |
| Balance, June 30, 2015      | <u>\$ 236,340</u>       | <u>\$ 20,880,000</u>           | <u>\$1,010,000</u> |
| Balance Due Within One Year | <u>\$ 78,572</u>        | <u>\$ 435,000</u>              | <u>\$ 135,000</u>  |

**Capitalized Leases**

On January 26, 2015 the City of Manchester entered into a capital lease agreement with Municipal Asset Management, Inc. for the lease of cardio equipment for the Manchester Recreation Center. This agreement requires a monthly payment of \$2,347 with no stipulation of the interest rate for the lease of this equipment. The discount rate of interest used for the equipment is 2.81% and the discounted value on the date of the lease was \$80,942 which exceeded 90% of the estimated value of this equipment on the date of the lease, therefore,

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**8. LONG-TERM OBLIGATIONS (Cont.)**

**Business-type Activities (Cont.)**

this lease has been treated as a capital lease in the financial statements of this report. The principal balance as of June 30, 2015 was \$72,282.

In June 2015 the City of Manchester entered into a capital lease agreement for the purchase of a leaf loader. This agreement required a monthly payment of \$1,054 which includes interest and principal. The lease purchase agreement has a stipulated interest rate of 2.81%. The principal balance of this lease purchase agreement on June 30, 2015 was \$35,895.

In June 2015 the City of Manchester entered into a capital lease agreement for the purchase of a knuckle-boom truck. This agreement required a monthly payment of \$3,664 which includes interest and principal. The lease purchase agreement has a stipulated interest rate of 2.81%. The principal balance of this lease purchase agreement on June 30, 2015 was \$124,750.

**General Obligation and Revenue Bonds, and Other Loans**

The City issues general obligation and revenue bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the Water and Sewer System.

General obligation and revenue bonds, and other loans are issued pledging the revenue of the Manchester Water and Sewer system and the full faith and credit of the government. These bonds and other loans outstanding were issued for original terms of up to 50 years for bonds and up to 30 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. These bonds and the State Revolving Loan Fund loan as of June 30, 2015, will be retired from the Water and Sewer Fund.

The local Government Improvement Bonds-Series Z-1-B-DRUC Portion and Public Building Authority of Coffee County, TN-Utility Revenue and tax Bonds-Series 2006-DRUC were used by the Duck River Utility Commission to construct their facilities and improvements to utility plant through an agreement between the City of Tullahoma and the City of Manchester. As a result, Duck River Utility Commission (DRUC) is to be primarily responsible for the repayment of the loans. The receivable from DRUC at June 30, 2015, was \$9,830,000. These loans will be retired by the Duck River Utility Commission.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**8. LONG-TERM OBLIGATIONS (Cont.)**

**Business-type Activities (Cont.)**

**General Obligation and Revenue Bonds, and Other Loans (Cont.)**

General obligation and revenue bonds and other loans outstanding as of June 30, 2015, for business-type activities are as follows:

| Type                                 | Interest<br>Rate | Final<br>Maturity | Original<br>Amount of<br>Issue | Balance<br>6-30-2015 |
|--------------------------------------|------------------|-------------------|--------------------------------|----------------------|
| General Obligation and Revenue Bonds | 3.00% to 4.25%   | 2050              | 11,413,000                     | 10,222,761           |
| Other Loans                          | 2.16% to 4.74%   | 2038              | 18,005,000                     | 1,010,000            |

The annual requirements to amortize all bonds and other loans outstanding as of June 30, 2015, including interest payments and other loan fees, are presented in the following table:

| Year Ending<br>June 30 | Principal    | Interest     | Total        |
|------------------------|--------------|--------------|--------------|
| 2016                   | \$ 1,162,611 | \$ 921,982   | \$ 2,081,593 |
| 2017                   | 1,196,472    | 886,153      | 2,082,625    |
| 2018                   | 1,235,543    | 845,301      | 2,080,844    |
| 2019                   | 1,274,828    | 803,379      | 2,078,207    |
| 2020                   | 1,329,333    | 759,736      | 2,089,069    |
| 2021-2025              | 7,637,333    | 3,088,108    | 10,725,441   |
| 2026-2030              | 7,306,076    | 1,697,727    | 9,003,803    |
| 2031-2035              | 2,815,883    | 816,522      | 3,632,405    |
| 2036-2040              | 1,778,606    | 251,122      | 2,029,728    |
| 2041-2045              | 242,321      | 55,183       | 297,504      |
| 2046-2050              | 241,336      | 16,352       | 257,686      |
| Total                  | \$26,220,342 | \$10,141,565 | \$36,361,905 |

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**8. LONG-TERM OBLIGATIONS (Cont.)**

**Business-type Activities (Cont.)**

**General Obligation and Revenue Bonds, and Other Loans (Cont.)**

Long-term obligation activity for the year ended June 30, 2015, was as follows:

|                             | General<br>Obligation<br>Bonds | Other<br>Loans |
|-----------------------------|--------------------------------|----------------|
| Balance, July 1, 2014       | \$ 10,717,787                  | \$ 16,627,157  |
| Additions                   | -                              | -              |
| Reductions                  | 495,026                        | 120,000        |
| Balance, June 30, 2015      | \$ 10,222,761                  | \$1,010,000    |
| Balance Due Within One Year | \$ 515,955                     | \$ 646,656     |

Compensated absences and other post-employment benefits will be paid from the employing funds, primarily the General and Schools Funds.

**9. EXPENDITURES IN EXCESS OF BUDGET**

The City's actual expenditures exceeded the amount appropriated in the final budget. This is contrary to state statutes, which require all expenditures of the general and special revenue funds to be authorized by the governing body.

Total expenditures of the Recreation Fund exceeded appropriations by \$234,733 due to encumbrances for uncompleted contracts for construction in progress.

Expenditures of the General Purpose School Fund exceed appropriations at the level of control for Fiscal Services (\$77,984) and Community Services (114,648).

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS**

**Teacher Legacy Pension Plan of TCRS**

*Plan description.* Teachers with membership in the Tennessee consolidated Retirement System (TCRS) before July 1, 2014 of Manchester City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS.

**Teacher Legacy Pension Plan of TCRS (Cont.)**

The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted.

Employer contributions by Manchester City Schools for the year ended June 30, 2015 to the Teacher Legacy Pension Plan were \$892,131 which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

*Pension asset.* At June 30, 2014, the Manchester City Schools reported an asset of \$28,669 for its proportionate share of net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Manchester City Schools' proportion of the net pension liability was based on Manchester City Schools' employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014 measurement date, Manchester City Schools' proportion was 0.176430 percent. The proportion measured as of June 30, 2013 was 0.010312 percent.

*Pension expense.* For the year ended June 30, 2015, Manchester City Schools recognized a pension expense of \$1,240.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, Manchester City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                               | 69,601                               | -                                   |
| Net difference between projected and actual earnings on pension plan investments |                                      | 2,362,145                           |
| Changes in proportion of Net Pension Liability (Asset)                           | 154,962                              | -                                   |
| LEA's contributions subsequent to the measurement date of June 30, 2014          | 892,131                              | (not applicable)                    |
| Total  | <u>1,116,694</u>                     | <u>2,362,145</u>                    |



**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Teacher Legacy Pension Plan of TCRS (Cont.)**

Manchester City Schools employer contributions of \$892,131, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and

deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ended June 30:</b> |              |
|----------------------------|--------------|
| 2016                       | \$ (553,109) |
| 2017                       | (553,109)    |
| 2018                       | (553,109)    |
| 2019                       | (553,109)    |
| 2020                       | 37,427       |
| Thereafter                 | 37,427       |

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial assumptions.* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 3.0 percent  |
| Salary increases          | Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent |
| Investment rate of return | 7.5 percent, net of pension plan investment expenses, including inflation                                |
| Cost-of Living Adjustment | 2.5 percent  |

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy. The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Teacher Legacy Pension Plan of TCRS (Cont.)**

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class</b>                    | <b>Long-Term<br/>Expected Real<br/>Rate of<br/>Return</b> | <b>Target<br/>Allocation</b> |
|---------------------------------------|---|------------------------------|
| U.S. equity                           | 6.46%   | 33%                          |
| Developed market international equity | 6.26%   | 17%                          |
| Emerging market international equity  | 6.40%   | 5%                           |
| Private equity and strategic lending  | 4.61%   | 8%                           |
| U.S. fixed income                     | 0.98%   | 29%                          |
| Real estate                           | 4.73%   | 7%                           |
| Short-term securities                 | 0.00%   | 1%                           |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above. *Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Teacher Legacy Pension Plan of TCRS (Cont.)**

investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate.* The following presents Manchester City School's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Manchester City School's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

|  | <b>1% Decrease<br/>(6.5%)</b> | <b>Current<br/>Discount Rate<br/>(7.5%)</b> | <b>1% Increase<br/>(8.5%)</b> |
|--|-------------------------------|---|-------------------------------|
| Manchester City<br>School's proportionate<br>share of the net pension<br>liability (asset) | \$4,835,355                   | \$(28,669)                                  | \$(4,055,554)                 |

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

At June 30, 2015, Manchester City Schools reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester City Schools Teacher Retirement Plan**

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Manchester City Schools are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under

Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester City Schools Teacher Retirement Plan (Cont.)**

Contributions for teachers are established in the statutes governing the TCRS and may not only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, the employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015 to the Teacher Retirement Plan were \$4,532, which is 4 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

Since the measurement date is June 30, 2014, Manchester City Schools did not recognize a pension expense at June 30, 2015.

For the year ended June 30, 2015, Manchester City Schools reported deferred outflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| State Department of Education's contributions subsequent to the measurement date of June 30, 2014 | \$ 4,532                             | <i>(not applicable)</i>             |

State Department of Education's employer contributions of \$4,532 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester City Schools Teacher Retirement Plan (Cont.)**

At June 30, 2015, State Department of Education reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**Manchester General Government Retirement Plan**

*Plan description.* Employees of Manchester are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits provided.* Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester General Government Retirement Plan (Cont.)**

*Employees covered by benefit terms.* At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

|  |            |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 0          |
| Inactive employees entitled to but not yet receiving benefits    | 30         |
| Active employees   | 127        |
|  | <u>157</u> |

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Manchester makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Manchester were \$231,047 based on a rate of 5.25 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Manchester's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Manchester's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial assumptions.* The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 3.0 percent  |
| Salary increases          | Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent |
| Investment rate of return | 7.5 percent, net of pension plan investment expenses, including inflation                                |
| Cost-of-Living Adjustment | 2.5 percent  |

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester General Government Retirement Plan (Cont.)**

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <b>Asset Class</b>                    | <b>Long-Term<br/>Expected<br/>Real Rate of<br/>Return</b> | <b>Target<br/>Allocation</b> |
|---------------------------------------|---|------------------------------|
| U.S. equity                           | 6.46%   | 33%                          |
| Developed market international equity | 6.26%   | 17%                          |
| Emerging market international equity  | 6.40%   | 5%                           |
| Private equity and strategic lending  | 4.61%   | 8%                           |
| U.S. fixed income                     | 0.98%   | 29%                          |
| Real estate                           | 4.73%   | 7%                           |
| Short-term securities                 | 0.00%   | 1%                           |



**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester General Government Retirement Plan (Cont.)**

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Manchester will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability (Asset)**

|   | <b>Increase (Decrease)</b>             |                                       |  |
|---|--|---------------------------------------|--|
|   | <b>Plan</b>                            |                                       |  |
|   | <b>Total<br/>Pension<br/>Liability</b> | <b>Fiduciary<br/>Net<br/>Position</b> | <b>Net Pension<br/>Liability<br/>(Asset)</b> |
|   | <b>(a)</b>                             | <b>(b)</b>                            | <b>(a) – (b)</b>                             |
| <b>Balance at 6/30/13</b>                                     | 2,314,659                              | 2,316,484                             | (1,825)                                      |
| <b>Changes for the year:</b>                                  |  |                                       |  |
| Service cost  |  | 392,551                               | 392,551                                      |
| Interest  |  | 202,268                               | 202,268                                      |
| Differences between expected and actual experience            |  | (36,349)                              | (36,349)                                     |
| Contributions-employer  |  | 236,299                               | (236,299)                                    |
| Contributions-employees                                       |  | 225,047                               | (225,047)                                    |
| Net investment income   |  | 418,209                               | (418,209)                                    |
| Benefit payments, including refunds of employee contributions | (20,597)                               | (20,597)                              | -  |
| Administrative expense  |  | (4,520)                               | 4,520  |
| <b>Net changes</b>  | 537,873                                | 854,438                               | (316,565)                                    |
| <b>Balance at 6/30/14</b>                                     | 2,852,532                              | 3,170,922                             | (318,390)                                    |

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester General Government Retirement Plan (Cont.)**

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of Manchester calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

|  | <b>1%<br/>Decrease<br/>(6.5%)</b> | <b>Current<br/>Discount<br/>Rate (7.5%)</b> | <b>1%<br/>Increase<br/>(8.5%)</b> |
|--|-----------------------------------|---|-----------------------------------|
| Manchester's net pension liability (asset) | \$263,317                         | \$(318,390)                                 | \$(777,034)                       |

*Pension expense.* For the year ended June 30, 2015, Manchester recognized pension expense of \$135,270.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2015, Manchester reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience                               | -   | 33,045                                       |
| Net difference between projected and actual earnings on pension plan investments | -   | 182,491                                      |
| Contributions subsequent to the measurement date of June 30, 2014                | 231,047                                       | <i>(not applicable)</i>                      |
| Total  | 231,047                                       | 215,536                                      |

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**10. RETIREMENT PLANS (CONT.)**

**Manchester General Government Retirement Plan (Cont.)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ended June 30:</b> |          |
|----------------------------|----------|
| 2016                       | (48,927) |
| 2017                       | (48,927) |
| 2018                       | (48,927) |
| 2019                       | (48,927) |
| 2020                       | (3,304)  |
| Thereafter                 | (16,520) |

At June 30, 2015, *Manchester* reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description

Manchester City Schools participates in the state-administered Local Government Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan are agent multiple-employer defined OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership or partnership preferred provider organization (PPO) plan for healthcare benefits subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.htm>].

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**11. OTHER POSTEMPLOYMENT BENEFITS (CONT.)**

own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 members in the Medicare Supplement Plan. Manchester City Schools recognized expenditures of \$65,216 respectively, for postemployment health care during the year ended June 30, 2015. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate was seven percent for fiscal year 2015. The trend will decrease to 6.5 percent in fiscal year 2016 and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

**CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**11. OTHER POSTEMPLOYMENT BENEFITS (CONT.)**

Annual OPEB Cost and Net OPEB Obligation

|                               | <b>Employee<br/>Group Plan</b> |
|-------------------------------|--------------------------------|
| ARC                           | \$ 149,000                     |
| INTEREST ON THE NOPEBO        | 17,573                         |
| ADJUSTMENT TO THE ARC         | (17,121)                       |
| ANNUAL OPEB COST              | 149,452                        |
| AMOUNT OF CONTRIBUTION        | (65,216)                       |
| INCREASE /DECREASE IN NOPEBO  | 84,236                         |
| NET OPEB OBLIGATION, 7-1-14   | 614,816                        |
| Net OPEB OBLIGATION 6/30/2015 | <u>\$ 699,052</u>              |

|                    |                    | <b>% OF ANNUAL</b> | <b>NET OPEB OBLIGATION</b> |
|--------------------|--------------------|--------------------|----------------------------|
|                    | <b>ANNUAL OPEB</b> | <b>OPEB COST</b>   | <b>AT YEAR</b>             |
| <b>FISCAL YEAR</b> | <b>COST</b>        | <b>CONTRIBUTED</b> | <b>END</b>                 |
| 06/30/12           | \$ 97,048          | 47%                | \$ 340,296                 |
| 06/30/13           | 98,166             | 42%                | 397,024                    |
| 06/30/14           | 81,616             | 48%                | 439,340                    |
| 06/30/15           | 65,216             | 44%                | 523,576                    |

|  |                     |
|--|---------------------|
| Actuarial present value of benefits            |                     |
| Active Participants                            | \$ 2,323,907        |
| Retired Participants                           | 316,281             |
| Total Actuarial Present Value of Benefits      | <u>\$ 2,640,188</u> |
| Actuarial Accrued Liability                    |                     |
| Active Participants                            | \$ 1,093,000        |
| Retired Participants                           | 307,000             |
| Total Actuarial Accrued Liability              | <u>\$ 1,400,000</u> |
| Normal Cost                                    | \$ 85,000           |
| Amortization of UAAL                           | 59,000              |
| Annual required contribution for FYE 6/30/2014 | <u>\$ 144,000</u>   |

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**11. OTHER POSTEMPLOYMENT BENEFITS (CONT.)**

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013 was as follows:

|   |              |
|---|--------------|
| Actuarial valuation date                    | 07/01/13     |
| Actuarial accrued liability (AAL)           | \$ 1,400,000 |
| Actuarial value of plan assets              | \$ -         |
| Unfunded actuarial accrued liability (UAAL) | \$ 1,400,000 |
| Actuarial value of assets as a % of the AAL | 0%           |
| Covered payroll (active plan members)       | \$ 7,038,157 |
| UAAL as a % of covered payroll              | 19.89%       |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events for into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consist with tat perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation for the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate was seven percent for fiscal year 2015. The trend will decrease to 6.5 percent in fiscal year 2016 and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rate include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**12. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, errors and omissions, damages to assets and injuries to employees. The City participates in the Tennessee Municipal League (TML) Risk Management Pool. The membership allows the Town to share liability and employee related risks.

The TML Risk Management Pool is a governmental entity organized by Tennessee cities as a not-for-profit corporation to provide liability and workers' compensation coverage to Tennessee cities. Emphasis is on risk management and controlling losses, as all costs are shared by the Pool member cities. An extensive program of loss prevention, employee training, and legal counsel supplements experienced claims processing for member cities.

The City is subject to additional assessments as a member of the pool, but such assessments have never been levied on the Town and are not expected. There are no claims or judgments pending and claims paid (settled) have not exceeded insurance coverage in the past three years.

**13. COMMITMENTS AND CONTINGENCIES**

Pending Lawsuits

The City of Manchester entered into a consent order with the US Department of Environment and Conservation. This order provides for the payment of \$265,200 in civil penalties over the next two years; as of June 30, 2015 the city has paid \$30,200 in accordance with the order. In accordance with this order the remaining \$235,000 of the penalty is waived if the city performs certain reporting and corrective actions. It is the opinion of the City Attorney and the Water and Sewer Director that the reporting and corrective actions will be completed.

The Tullahoma City School Board has initiated arbitration against the city seeking unpaid liquor tax revenue. The amount sought is \$83,360. The City Attorney believes that the City may get a partial offset due to the operation of the Manchester City school system.

**14. USE OF ESTIMATES**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**15. PRIOR PERIOD ADJUSTMENTS**

**Implementation of GASB Statement Numbers 68 and 71**

Effective for the fiscal year ended June 30, 2015, the district implemented the provisions for GASB 68, *Accounting and Financial Reporting for Pensions* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements' primary objective is to improve accounting and financial reporting for pensions. Among the requirements of GASB 68 are the recognition of a net pension liability or asset. The net pension liability or asset is measured as the portion of the actuarial present value of projected benefit payments that is attributed to past period of employee service, net of the pension plan's fiduciary net position. Accounting changes adopted to conform to the provisions of these statements are to be applied retroactively by restating financial statements. The effect on the beginning net position was a decrease of \$1,869,549.

Because the total pension liability has not previously been actuarially calculated, pro forma amounts for year ended June 30, 2014, are not readily determinable.

**Other restatements of beginning net position**

The beginning net position for the General Purpose School and School Federal Projects Funds was overstated in the amount of \$194,421 due to payroll deductions payable being understated and balances in payroll deduction cash clearing accounts being understated.

The beginning net position for the Sanitation Fund was overstated due to an accounting error in receivables (overstatement of \$41,865) and accounts payable for the amount due to the solid waste vendor (understatement of \$38,769) made in prior years the effect of these errors was an overstatement of net position of \$80,634.

The beginning net position for the Water and Sewer Fund was understated by 28,302. This was due to the overstatement of the liability for uncollected charges included in receivables for billings due to other entities in the amount of \$80,607. Also, it was due to the receivables for 6/30/2014 were overstated and the cash collection checking accounts were overstated by \$52,305.



**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**15. PRIOR PERIOD ADJUSTMENTS (CONT.)**

**Reconciliation of the restatement to the Statement of Activities**

|   |                                  |
|---|----------------------------------|
| Restatement due to Retirement                         | \$ (1,869,549)                   |
| Restatement due to Schools Payroll Deductions Payable | (194,421)                        |
| Restatement due to errors in the Sanitation Fund      | (80,634)                         |
| Restatement due to errors in the Water and Sewer Fund | <u>28,302</u>                    |
| <br>Total Restatement of Net Position                 | <br><u><u>\$ (2,116,302)</u></u> |

**16. OTHER MATTERS**

**Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the district through October 31, 2014 (the date the financial statements were available to be issued) and concluded that no events should be disclosed as a subsequent event.

**Related Entity**

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations do not extend beyond making the appointment.

The following organizations are related organizations which have not been included in the reporting entity.

Manchester Housing Authority- The Board and Director of the Authority are appointed by the Mayor and Alderman, but the City does not provide funding, has no obligation for the debt issued by the Authority, and cannot impose its will upon the operations of the Authority.

Manchester Arts commission - The Board and Director of the Commission are appointed by the Mayor and Alderman. The Arts Commission is a Tennessee Chartered Non Profit Corporation. Further, the City has no obligation for any debt issued by the Commission, nor can it impose its will upon the operations of the Commission.

**CITY OF MANCHESTER, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**16. OTHER MATTERS (CONT.)**

Joint Venture

The City, in conjunction with the city of Tullahoma, appoints the Board of the Duck River Utility Commission (DRUC), which operates a water treatment plant providing the citizens of the two cities with water. Each city elects three of the six-member board. Neither city has any other responsibility for the Commission. The City has no equity interest in the net resources of the Commission. Assets of the Utility are pledged to the cities to secure indebtedness to the State of Tennessee which is being repaid from earnings of the Utility. The Commission reported net position of \$2,142,262 in 2015. Complete financial statements of the Utility are available at the Finance Director's office at City Hall.

Manchester City Schools participates in the Volunteer State Cooperative (VOLCO), which represents a cost-sharing arrangement. The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Fayetteville City, Humphreys County, Marshall County, Maury County, Robertson, County, and Stewart County. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has coordinating district (Stewart County School Department) and a service provider to offer these services. The cooperative is governed by a Representative Committee, comprising one representative from each of the member districts; and an executive Council, consisting of the chair, vice chair, secretary, treasurer, and a member-at large from the Representative Committee.

Complete financial statements for the Volunteer State Cooperative can be obtained from its administrative office at Volunteer State Cooperative, P O Box 433, 110 Natcor Drive, Dover, TN 37058.

# **REQUIRED SUPPLEMENTARY INFORMATION SECTION**

City of Manchester, Tennessee  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on  
Participation in the Public Employee Pension Plan of TCRS  
General Government Employees  
For the Fiscal Year Ended June 30, 2014

**Total Pension Liability (Asset)**

|   |                     |
|---|---------------------|
| Service Cost  | \$ 392,551          |
| Interest  | 202,268             |
| Changes in Benefit Terms                                      | -                   |
| Differences Between Actual and Expected Experience            | (36,349)            |
| Changes in Assumptions  | -                   |
| Benefit Payments, Including Refunds of Employee Contributions | (20,597)            |
| Net Change in Total Pension Liability (Asset)                 | \$ 537,873          |
| Total Pension Liability (Asset), Beginning                    | 2,314,659           |
| Total Pension Liability (Asset), Ending (a)                   | <u>\$ 2,852,532</u> |

**Plan Fiduciary Net Position**

|   |                     |
|---|---------------------|
| Contributions - Employer                                      | \$ 236,299          |
| Contributions - Employee                                      | 225,047             |
| Net Investment Income   | 418,209             |
| Benefit Payments, Including Refunds of Employee Contributions | (20,597)            |
| Administrative Expense  | (4,520)             |
| Net Change in Plan Fiduciary Net Position                     | \$ 854,438          |
| Plan Fiduciary Net Position, Beginning                        | 2,316,484           |
| Plan Fiduciary Net Position, Ending (b)                       | <u>\$ 3,170,922</u> |
| Net Pension Liability (Asset), Ending (a - b)                 | <u>\$ (318,390)</u> |

|   |              |
|---|--------------|
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability    | 111.16%      |
| Covered Employee Payroll  | \$ 4,500,934 |
| Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll | 7.07%        |

Note: Ten years of data will be present when available.

City of Manchester, Tennessee  
Schedule of Contributions Based on Participation in the Public  
Employee Pension Plan of TCRS  
General Government Employees  
For the Fiscal Year Ended June 30

|   | 2014         | 2015         |
|---|--------------|--------------|
| Actuarially Determined Contribution                                       | \$ 236,299   | \$ 203,079   |
| Less Contributions in Relation to the Actuarially Determined Contribution |              |              |
| Contribution Deficiency (Excess)  | 236,299      | 203,079      |
|   | <u>\$ -</u>  | <u>\$ -</u>  |
| Covered Employee Payroll  | \$ 4,500,934 | \$ 3,868,171 |
| Contributions as a Percentage of Covered Employee Payroll                 | 5.25%        | 5.25%        |

Note: Ten years of data will be presented when available.

City of Manchester, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Retirement Plan of TCRS  
For the Fiscal Year Ended June 30, 2015

|   | 2015        |
|---|-------------|
| Actuarially Determined Contributions                                      | \$ 4,532    |
| Less Contributions in Relation to the Actuarially Determined Contribution | 4,532       |
| Contribution Deficiency (Excess)  | <u>\$ -</u> |
| Covered Employee Payroll  | \$ 113,300  |
| Contributions as a Percentage of Covered Employee Payroll                 | 4.00%       |

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

City of Manchester, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
For the Fiscal Year Ended June 30, 2015

|   | 2014         | 2015         |
|---|--------------|--------------|
| Actuarially Determined Contributions                                      | \$ 614,927   | \$ 689,052   |
| Less Contributions in Relation to the Actuarially Determined Contribution | 614,927      | 689,052      |
| Contribution Deficiency (Excess)  | <u>\$ -</u>  | <u>\$ -</u>  |
| Covered Employee Payroll  | \$ 6,924,857 | \$ 7,759,595 |
| Contributions as a Percentage of Covered Employee Payroll                 | 8.88%        | 8.88%        |

Note: Ten years of data will be presented when available

City of Manchester, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
In the Teacher Legacy Pension Plan of TCRS  
For the Fiscal Year Ended June 30, 2014\*

|   |             |
|---|-------------|
|   | <u>2014</u> |
| Manchester City School's Proportion of the Net Pension Asset  | 0.176430%   |
| Manchester City School's Proportionate Share of the Net Pension Asset   | 28,669      |
| Covered Employee Payroll  | 6,924,857   |
| Manchester City School's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll | 0.41%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability  | 100.08%     |

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: Ten years of data will be presented when available



City of Manchester, Tennessee  
Schedule of Funding Progress - Other Postemployment Benefit Plan  
June 30, 2015

(Dollars in thousands)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>Projected<br>Unit<br>Credit<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b)-(a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>( c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|--|--------------------------------------|--------------------------|----------------------------|---|
| July 1, 2010                   | \$ -                                   | \$ 1,000   | \$ 1,000                             | 0.00%                    | \$ 8,306                   | 12.04%  |
| July 1, 2011                   | \$ -                                   | \$ 1,863   | \$ 1,863                             | 0.00%                    | \$ 8,476                   | 21.98%  |
| July 1, 2013                   | \$ -                                   | \$ 1,400   | \$ 1,400                             | 0.00%                    | \$ 8,773                   | 16.00%  |

CITY OF MANCHESTER, TENNESSEE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2015

*Valuation Date:* Actuarially determined contribution rate for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

|                               |  |
|-------------------------------|--|
| Actuarial Cost Method         | Frozen Initial Liability   |
| Amortization Method           | Level Dollar, Closed (Not to Exceed 20 Years)  |
| Remaining Amortization Period | 4 Years  |
| Asset Valuation               | 10-Year Smoothed Within a 20% Corridor to Market Value   |
| Inflation                     | 3%   |
| Salary Increases              | Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%          |
| Investment Rate of Return     | 7.5%, Net of Investment Expense, Including Inflation   |
| Retirement Age                | Pattern of Retirement Determined by Experience Study   |
| Mortality                     | Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement |
| Cost of Living Adjustment     | 2.5%   |

# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

City of Manchester, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

|  | Special Revenue Funds |   |                               |                      |                       |                   |                   | Capital<br>Projects Fund         | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------|---|-------------------------------|----------------------|-----------------------|-------------------|-------------------|----------------------------------|--|
|  | Recreation            | Tourism and<br>Community<br>Development | School<br>Federal<br>Projects | Central<br>Cafeteria | Community<br>Policing | Sanitation        | Drug<br>Control   | Education<br>Capital<br>Projects |  |
| <u>ASSETS</u>  |                       |   |                               |                      |                       |                   |                   |                                  |  |
| Cash   | \$ 227,387            | \$ -                                    | \$ -                          | \$ 140,657           | \$ -                  | \$ 147,941        | \$ -              | \$ -                             | \$ 515,985                                 |
| Investment in Pooled Cash                              | 3,461                 | 168,540                                 | -                             | -                    | 58,175                | -                 | 503,401           | 477                              | 734,054                                    |
| Accounts Receivable                                    | 87,016                | 15,470                                  | -                             | -                    | -                     | -                 | -                 | -                                | 102,486                                    |
| Allowance for Uncollectible                            | (67,852)              | -                                       | -                             | -                    | -                     | -                 | -                 | -                                | (67,852)                                   |
| Due from Other Governments                             | 90,657                | -                                       | 137,114                       | 44,651               | -                     | -                 | 2,693             | -                                | 275,115                                    |
| Due from Other Funds                                   | -                     | -                                       | -                             | -                    | -                     | 53,391            | -                 | -                                | 53,391                                     |
| Other Taxes Receivable                                 | 30,757                | -                                       | -                             | -                    | -                     | -                 | -                 | -                                | 30,757                                     |
| Inventories  | -                     | -                                       | -                             | 10,921               | -                     | -                 | -                 | -                                | 10,921                                     |
| Total Assets   | <u>\$ 371,426</u>     | <u>\$ 184,010</u>                       | <u>\$ 137,114</u>             | <u>\$ 196,229</u>    | <u>\$ 58,175</u>      | <u>\$ 201,332</u> | <u>\$ 506,094</u> | <u>\$ 477</u>                    | <u>\$ 1,654,857</u>                        |
| <u>LIABILITIES</u>                                     |                       |   |                               |                      |                       |                   |                   |                                  |  |
| Accounts Payable                                       | \$ 176,689            | \$ 707                                  | \$ -                          | \$ 1,790             | \$ 3,222              | \$ 51,617         | \$ 1,726          | \$ -                             | \$ 235,751                                 |
| Accrued Payroll  | 38,266                | -                                       | 52,154                        | -                    | -                     | 2,521             | -                 | -                                | 92,941                                     |
| Payroll Deductions Payable                             | 2,114                 | -                                       | -                             | -                    | -                     | -                 | -                 | -                                | 2,114                                      |
| Other Payables   | 461                   | -                                       | -                             | -                    | -                     | 38,438            | 1,524             | -                                | 40,423                                     |
| Unearned Revenues                                      | 85,071                | -                                       | -                             | -                    | -                     | -                 | -                 | -                                | 85,071                                     |
| Pooled Cash Overdraft                                  | -                     | -                                       | 84,208                        | -                    | -                     | -                 | -                 | -                                | 84,208                                     |
| Total Liabilities                                      | <u>\$ 302,601</u>     | <u>\$ 707</u>                           | <u>\$ 136,362</u>             | <u>\$ 1,790</u>      | <u>\$ 3,222</u>       | <u>\$ 92,576</u>  | <u>\$ 3,250</u>   | <u>\$ -</u>                      | <u>\$ 540,508</u>                          |
| <u>FUND BALANCES</u>                                   |                       |   |                               |                      |                       |                   |                   |                                  |  |
| Nonspendable:  |                       |   |                               |                      |                       |                   |                   |                                  |  |
| Inventory  | \$ -                  | \$ -                                    | \$ -                          | \$ 10,921            | \$ -                  | \$ -              | \$ -              | \$ -                             | \$ 10,921                                  |
| Restricted:  |                       |   |                               |                      |                       |                   |                   |                                  |  |
| Restricted for Tourism and Community Development       | -                     | 183,303                                 | -                             | -                    | -                     | -                 | -                 | -                                | 183,303                                    |
| Restricted for Drug Control and Investigation          | -                     | -                                       | -                             | -                    | -                     | -                 | 502,844           | -                                | 502,844                                    |
| Restricted for Education                               | -                     | -                                       | 752                           | -                    | -                     | -                 | -                 | -                                | 752  |
| Restricted for Operation of Non-instructional Services | -                     | -                                       | -                             | 183,518              | -                     | -                 | -                 | -                                | 183,518                                    |
| Committed:   |                       |   |                               |                      |                       |                   |                   |                                  |  |
| Committed for Recreation Centers                       | 121,888               | -                                       | -                             | -                    | -                     | -                 | -                 | -                                | 121,888                                    |
| Committed for Park Areas                               | 1,640                 | -                                       | -                             | -                    | -                     | -                 | -                 | -                                | 1,640                                      |
| Assigned   |                       |   |                               |                      |                       |                   |                   |                                  |  |
| Unassigned   | (54,703)              | -                                       | -                             | -                    | 54,953                | 108,756           | -                 | 477                              | 164,186                                    |
| Total Fund Balances                                    | <u>\$ 68,825</u>      | <u>\$ 183,303</u>                       | <u>\$ 752</u>                 | <u>\$ 194,439</u>    | <u>\$ 54,953</u>      | <u>\$ 108,756</u> | <u>\$ 502,844</u> | <u>\$ 477</u>                    | <u>\$ 1,114,349</u>                        |
| Total Liabilities, and Fund Balances                   | <u>\$ 371,426</u>     | <u>\$ 184,010</u>                       | <u>\$ 137,114</u>             | <u>\$ 196,229</u>    | <u>\$ 58,175</u>      | <u>\$ 201,332</u> | <u>\$ 506,094</u> | <u>\$ 477</u>                    | <u>\$ 1,654,857</u>                        |

City of Manchester, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 2015

|  | Special Revenue Funds |   |                               |                      |                       |              |                 | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------|---|-------------------------------|----------------------|-----------------------|--------------|-----------------|--|
|  | Recreation            | Tourism and<br>Community<br>Development | School<br>Federal<br>Projects | Central<br>Cafeteria | Community<br>Policing | Sanitation   | Drug<br>Control |  |
| <u>Revenues</u>                                      |                       |   |                               |                      |                       |              |                 |  |
| Local Taxes  | \$ 186,539            | \$ 94,048                               | \$ -                          | \$ -                 | \$ -                  | \$ -         | \$ -            | \$ 280,587                                 |
| Licenses and Permits                                 | -                     | -                                       | -                             | -                    | -                     | -            | -               | -  |
| Charges for Current Services                         | 1,144,419             | -                                       | -                             | 184,065              | -                     | 986,443      | -               | 2,314,927                                  |
| Fines, Forfeitures and Penalties                     | -                     | -                                       | -                             | -                    | 6,277                 | -            | 63,893          | 70,170                                     |
| Other Local Revenues                                 | 25,823                | 2,500                                   | 9,075                         | 179                  | 23,591                | -            | 157,164         | 218,332                                    |
| Intergovernmental                                    | 260,885               | 456,326                                 | 972,948                       | 537,376              | -                     | -            | -               | 2,227,535                                  |
| Total Revenues                                       | \$ 1,617,666          | \$ 552,874                              | \$ 982,023                    | \$ 721,620           | \$ 29,868             | \$ 986,443   | \$ 221,057      | \$ 5,111,551                               |
| <u>Expenditures</u>                                  |                       |   |                               |                      |                       |              |                 |  |
| <u>Public Safety</u>                                 |                       |   |                               |                      |                       |              |                 | -  |
| Drug Investigation and Control                       | \$ -                  | \$ -                                    | \$ -                          | \$ -                 | \$ -                  | \$ -         | \$ 189,278      | \$ 189,278                                 |
| Community Policing                                   | -                     | -                                       | -                             | -                    | 28,290                | -            | -               | 28,290                                     |
| <u>Public Works</u>                                  |                       |   |                               |                      |                       |              |                 |  |
| Sanitation Services                                  | -                     | -                                       | -                             | -                    | -                     | 1,182,883    | -               | 1,182,883                                  |
| <u>Health, Welfare, Cultural and Recreation</u>      |                       |   |                               |                      |                       |              |                 |  |
| Recreation Administration                            | 210,680               | -                                       | -                             | -                    | -                     | -            | -               | 210,680                                    |
| Recreation Centers                                   | 1,371,520             | -                                       | -                             | -                    | -                     | -            | -               | 1,371,520                                  |
| Park Areas   | 553,854               | -                                       | -                             | -                    | -                     | -            | -               | 553,854                                    |
| <u>Economic Development and Assistance</u>           |                       |   |                               |                      |                       |              |                 |  |
| Tourism and Community Development                    | -                     | 621,547                                 | -                             | -                    | -                     | -            | -               | 621,547                                    |
| <u>Education</u>                                     |                       |   |                               |                      |                       |              |                 |  |
| <u>Instruction</u>                                   |                       |   |                               |                      |                       |              |                 |  |
| Regular Instruction Program                          | -                     | -                                       | 276,685                       | -                    | -                     | -            | -               | 276,685                                    |
| Special Education Program                            | -                     | -                                       | 396,501                       | -                    | -                     | -            | -               | 396,501                                    |
| <u>Support Services</u>                              |                       |   |                               |                      |                       |              |                 |  |
| Other Student Support                                | -                     | -                                       | 560                           | -                    | -                     | -            | -               | 560  |
| Regular Instruction Program                          | -                     | -                                       | 243,413                       | -                    | -                     | -            | -               | 243,413                                    |
| Special Education Program                            | -                     | -                                       | 60,559                        | -                    | -                     | -            | -               | 60,559                                     |
| Transportation                                       | -                     | -                                       | 3,586                         | -                    | -                     | -            | -               | 3,586                                      |
| <u>Operation of Non-instructional Services</u>       |                       |   |                               |                      |                       |              |                 |  |
| Food Service   | -                     | -                                       | -                             | 740,486              | -                     | -            | -               | 740,486                                    |
| Total Expenditures                                   | \$ 2,136,054          | \$ 621,547                              | \$ 981,304                    | \$ 740,486           | \$ 28,290             | \$ 1,182,883 | \$ 189,278      | \$ 5,879,842                               |
| Excess (Deficiency) Of Revenues<br>Over Expenditures | \$ (518,388)          | \$ (68,673)                             | \$ 719                        | \$ (18,866)          | \$ 1,578              | \$ (196,440) | \$ 31,779       | \$ (768,291)                               |

City of Manchester, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances (Cont.)

|                                       | Special Revenue Funds |   |                               |                      |                       |            |                 | Total<br>Nonmajor<br>Governmental<br>Funds |
|---------------------------------------|-----------------------|---|-------------------------------|----------------------|-----------------------|------------|-----------------|--|
|                                       | Recreation            | Tourism and<br>Community<br>Development | School<br>Federal<br>Projects | Central<br>Cafeteria | Community<br>Policing | Sanitation | Drug<br>Control |  |
| <u>Other Financing Sources (Uses)</u> |                       |   |                               |                      |                       |            |                 |  |
| Transfers In                          | \$ 526,701            | \$ -                                    | \$ -                          | \$ -                 | \$ 2,000              | \$ 75,000  | \$ -            | \$ 603,701                                 |
| Transfers Out                         | (100,377)             | -                                       | -                             | -                    | -                     | -          | -               | (100,377)                                  |
| Capitalized Lease Proceeds            | 80,942                | -                                       | -                             | -                    | -                     | 160,645    | -               | 241,587                                    |
| Total Other Financing Sources (Uses)  | \$ 507,266            | \$ -                                    | \$ -                          | \$ -                 | \$ 2,000              | \$ 235,645 | \$ -            | \$ 744,911                                 |
| Net Change in Fund Balance            | \$ (11,122)           | \$ (68,673)                             | \$ 719                        | \$ (18,866)          | \$ 3,578              | \$ 39,205  | \$ 31,779       | \$ (23,380)                                |
| Fund Balance, July 1, 2014            | 79,947                | 251,976                                 | 8,584                         | 213,305              | 51,375                | 150,184    | 471,065         | 1,226,913                                  |
| Prior Period Adjustment               | -                     | -                                       | (8,551)                       |                      |                       | (80,633)   |                 | (89,184)                                   |
| Fund Balance, June 30, 2015           | \$ 68,825             | \$ 183,303                              | \$ 752                        | \$ 194,439           | \$ 54,953             | \$ 108,756 | \$ 502,844      | \$ 1,114,349                               |

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Recreation Fund  
For the Year Ended June 30, 2015

|  | Actual<br>(GAAP<br>Basis) | Less:<br>Encumbrances<br>7/1/2014 | Add:<br>Encumbrances<br>6/30/2015 | Actual<br>Revenues/<br>Expenditures<br>(Budgetary<br>Basis) | Budgeted Amounts |              | Variance<br>With Final<br>Budget-<br>Positive<br>(Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|---|
|  |                           |                                   |                                   |   | Original         | Final        |   |
| <u>Revenues</u>                                      |                           |                                   |                                   |   |                  |              |   |
| Local Taxes  | \$ 186,539                | \$ -                              | \$ -                              | \$ 186,539  | \$ 150,000       | \$ 150,000   | \$ 36,539   |
| Charges for Current Services                         | 1,144,419                 | -                                 | -                                 | 1,144,419   | 1,136,500        | 1,140,500    | 3,919   |
| Other Local Revenues                                 | 25,823                    | -                                 | -                                 | 25,823  | 10,000           | 14,306       | 11,517  |
| Intergovernmental                                    | 260,885                   | -                                 | -                                 | 260,885   | 290,913          | 290,913      | (30,028)  |
| Total Revenues                                       | \$ 1,617,666              | \$ -                              | \$ -                              | \$ 1,617,666  | \$ 1,587,413     | \$ 1,595,719 | \$ 21,947   |
| <u>Expenditures</u>                                  |                           |                                   |                                   |   |                  |              |   |
| <u>Health, Welfare, Culture and Recreation</u>       |                           |                                   |                                   |   |                  |              |   |
| Recreation Administration                            | \$ 210,680                | \$ -                              | \$ -                              | \$ 210,680  | \$ 217,330       | \$ 219,430   | \$ 8,750  |
| Recreation Centers                                   | 1,371,520                 | -                                 | 121,888                           | 1,493,408   | 1,308,850        | 1,287,860    | (205,548)   |
| Park Areas   | 553,854                   | (72,526)                          | 1,640                             | 482,968   | 429,573          | 445,033      | (37,935)  |
| Total Expenditures                                   | \$ 2,136,054              | \$ (72,526)                       | \$ 123,528                        | \$ 2,187,056  | \$ 1,955,753     | \$ 1,952,323 | \$ (234,733)  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ (518,388)              | \$ 72,526                         | \$ (123,528)                      | \$ (569,390)  | \$ (368,340)     | \$ (356,604) | \$ (212,786)  |
| <u>Other Financing Sources (Uses)</u>                |                           |                                   |                                   |   |                  |              |   |
| Transfers In   | \$ 526,701                | \$ -                              | \$ -                              | \$ 526,701  | \$ 526,701       | \$ 526,701   | \$ -  |
| Transfers Out  | (100,377)                 | -                                 | -                                 | (100,377)   | (90,696)         | (102,432)    | (2,055)   |
| Capital Lease Proceeds                               | 80,942                    | -                                 | -                                 | 80,942  | -                | 80,942       | -   |
| Total other Financing Sources                        | \$ 507,266                | \$ -                              | \$ -                              | \$ 507,266  | \$ 436,005       | \$ 505,211   | \$ (2,055)  |
| Net Change in Fund Balance                           | \$ (11,122)               | \$ 72,526                         | \$ (123,528)                      | \$ (62,124)   | \$ 67,665        | \$ 148,607   | \$ (214,841)  |
| Fund Balance, July 1, 2014                           | 79,947                    | (72,526)                          | -                                 | 7,421   | 39,266           | 39,266       | 31,845  |
| Fund Balance, June 30, 2015                          | \$ 68,825                 | \$ -                              | \$ (123,528)                      | \$ (54,703)   | \$ 106,931       | \$ 187,873   | \$ (182,996)  |

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Tourism and Community Development Fund  
For the Year Ended June 30, 2015

|  | Actual             | Budgeted Amounts    |                     | Variance<br>With Final<br>Budget-<br>Positive<br>(Negative) |
|--|--------------------|---------------------|---------------------|---|
|  |                    | Original            | Final               |   |
| <u>Revenues</u>                                      |                    |                     |                     |   |
| Local Taxes  | \$ 94,048          | \$ 75,000           | \$ 75,000           | \$ 19,048   |
| Other Local Revenues                                 | 2,500              | -                   | 2,500               | -   |
| Intergovernmental                                    | 456,326            | 476,686             | 456,326             | -   |
| Total Revenues                                       | <u>\$ 552,874</u>  | <u>\$ 551,686</u>   | <u>\$ 533,826</u>   | <u>\$ 19,048</u>  |
| <u>Expenditures</u>                                  |                    |                     |                     |   |
| <u>Economic Development and Assistance</u>           |                    |                     |                     |   |
| Tourism and Community Development                    | \$ 621,547         | \$ 677,568          | \$ 677,568          | \$ 56,021   |
| Total Expenditures                                   | <u>\$ 621,547</u>  | <u>\$ 677,568</u>   | <u>\$ 677,568</u>   | <u>\$ 56,021</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>\$ (68,673)</u> | <u>\$ (125,882)</u> | <u>\$ (143,742)</u> | <u>\$ 75,069</u>  |
| Net Change in Fund Balance                           | \$ (68,673)        | \$ (125,882)        | \$ (143,742)        | \$ 75,069   |
| Fund Balance, July 1, 2014                           | 251,976            | 252,598             | 252,598             | 622   |
| Fund Balance, June 30, 2015                          | <u>\$ 183,303</u>  | <u>\$ 126,716</u>   | <u>\$ 108,856</u>   | <u>\$ 75,691</u>  |



City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
School Federal Projects Fund  
For the Year Ended June 30, 2015

|  | Actual     | Budgeted Amounts |              | Variance<br>With Final<br>Budget-<br>Positive<br>(Negative) |
|--|------------|------------------|--------------|---|
|  |            | Original         | Final        |   |
| <u>Revenues</u>                                      |            |                  |              |   |
| Other Local Revenues                                 | \$ 9,075   | \$ -             | \$ -         | \$ 9,075  |
| Intergovernmental                                    | 972,948    | 1,170,039        | 1,170,039    | (197,091)   |
| Total Revenues                                       | \$ 982,023 | \$ 1,170,039     | \$ 1,170,039 | \$ (188,016)  |
| <u>Expenditures</u>                                  |            |                  |              |   |
| <u>Instruction</u>                                   |            |                  |              |   |
| Regular Instruction Program                          | \$ 276,685 | \$ 330,668       | \$ 330,668   | \$ 53,983   |
| Special Education Program                            | 396,501    | 459,611          | 457,363      | 60,862  |
| Other Student Support                                | 560        | 3,000            | 3,000        | 2,440   |
| <u>Support Services</u>                              |            |                  |              |   |
| Regular Instruction Program                          | 243,413    | 301,998          | 301,998      | 58,585  |
| Special Education Program                            | 60,559     | 67,854           | 70,102       | 9,543   |
| Transportation                                       | 3,586      | 6,908            | 6,908        | 3,322   |
| Total Expenditures                                   | \$ 981,304 | \$ 1,170,039     | \$ 1,170,039 | \$ 188,735  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ 719     | \$ (0)           | \$ -         | \$ 719  |
| Net Change in Fund Balance                           | \$ 719     | \$ (0)           | \$ -         | \$ 719  |
| Fund Balance, July 1, 2014                           | 8,584      | -                | -            | (8,584)   |
| Prior Period Adjustment                              | (8,551)    | -                | -            | 8,551   |
| Fund Balance, June 30, 2015                          | \$ 752     | \$ (0)           | \$ -         | \$ 686  |

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Central Cafeteria Fund  
For the Year Ended June 30, 2015

|  | Actual             | Budgeted Amounts  |                   | Variance<br>With Final<br>Budget-<br>Positive<br>(Negative) |
|--|--------------------|-------------------|-------------------|---|
|  |                    | Original          | Final             |   |
| <u>Revenues</u>                                      |                    |                   |                   |   |
| Charges for Current Services                         | \$ 184,065         | \$ 220,075        | \$ 220,075        | \$ (36,010)   |
| Other Local Revenues                                 | 179                | 1,710             | 1,710             | (1,531)   |
| Intergovernmental                                    | 537,376            | 559,100           | 559,100           | (21,724)  |
| Total Revenues                                       | <u>\$ 721,620</u>  | <u>\$ 780,885</u> | <u>\$ 780,885</u> | <u>\$ (59,265)</u>  |
| <u>Expenditures</u>                                  |                    |                   |                   |   |
| <u>Operation of Non-instructional Services</u>       |                    |                   |                   |   |
| Food Service   | \$ 740,486         | \$ 780,885        | \$ 780,885        | \$ 40,399   |
| Total Expenditures                                   | <u>\$ 740,486</u>  | <u>\$ 780,885</u> | <u>\$ 780,885</u> | <u>\$ 40,399</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>\$ (18,866)</u> | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ (18,866)</u>  |
| Net Change in Fund Balance                           | \$ (18,866)        | \$ -              | \$ -              | \$ (18,866)   |
| Fund Balance, July 1, 2014                           | 213,305            | 209,278           | 209,278           | 4,027   |
| Fund Balance, June 30, 2015                          | <u>\$ 194,439</u>  | <u>\$ 209,278</u> | <u>\$ 209,278</u> | <u>\$ (14,839)</u>  |

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Community Policing Fund  
For the Year Ended June 30, 2015

|  | Actual           | Budgeted Amounts  |                   | Variance<br>With Final<br>Budget-<br>Positive<br>(Negative) |
|--|------------------|-------------------|-------------------|---|
|  |                  | Original          | Final             |   |
| <u>Revenues</u>                                      |                  |                   |                   |   |
| Fines, Forfeitures and Penalties                     | \$ 6,277         | \$ 7,000          | \$ 7,000          | \$ (723)  |
| Other Local Revenues                                 | 23,591           | 25,000            | 25,000            | (1,409)   |
| Total Revenues                                       | <u>\$ 29,868</u> | <u>\$ 32,000</u>  | <u>\$ 32,000</u>  | <u>\$ (2,132)</u>   |
| <u>Expenditures</u>                                  |                  |                   |                   |   |
| <u>Public Safety</u>                                 |                  |                   |                   |   |
| Community Policing                                   | \$ 28,290        | \$ 39,000         | \$ 39,250         | \$ 10,960   |
| Total Expenditures                                   | <u>\$ 28,290</u> | <u>\$ 39,000</u>  | <u>\$ 39,250</u>  | <u>\$ 10,960</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>\$ 1,578</u>  | <u>\$ (7,000)</u> | <u>\$ (7,250)</u> | <u>\$ 8,828</u>   |
| <u>Other Financing Sources (Uses)</u>                |                  |                   |                   |   |
| Transfers In   | \$ 2,000         | \$ 2,000          | \$ 2,000          | \$ -  |
| Total other Financing Sources                        | <u>\$ 2,000</u>  | <u>\$ 2,000</u>   | <u>\$ 2,000</u>   | <u>\$ -</u>   |
| Net Change in Fund Balance                           | \$ 3,578         | \$ (5,000)        | \$ (5,250)        | \$ 8,828  |
| Fund Balance, July 1, 2014                           | 51,375           | 51,523            | 51,523            | 148   |
| Fund Balance, June 30, 2015                          | <u>\$ 54,953</u> | <u>\$ 46,523</u>  | <u>\$ 46,273</u>  | <u>\$ 8,976</u>   |

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Sanitation Fund  
For the Year Ended June 30, 2015

|  | Actual       | Budgeted Amounts |              | Variance<br>With Final<br>Budget-<br>Positive<br>(Negative) |
|--|--------------|------------------|--------------|---|
|  |              | Original         | Final        |   |
| <u>Revenues</u>                                      |              |                  |              |   |
| Charges for Current Services                         | \$ 986,443   | \$ 961,000       | \$ 961,000   | \$ 25,443   |
| Total Revenues                                       | \$ 986,443   | \$ 961,000       | \$ 961,000   | \$ 25,443   |
| <u>Expenditures</u>                                  |              |                  |              |   |
| <u>Public Works</u>                                  |              |                  |              |   |
| Sanitation Services                                  | \$ 1,182,883 | \$ 1,061,960     | \$ 1,220,060 | \$ 37,177   |
| Total Expenditures                                   | \$ 1,182,883 | \$ 1,061,960     | \$ 1,220,060 | \$ 37,177   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ (196,440) | \$ (100,960)     | \$ (259,060) | \$ 62,620   |
| <u>Other Financing Sources (Uses)</u>                |              |                  |              |   |
| Transfers In   | \$ 75,000    | \$ 75,000        | \$ 75,000    | \$ -  |
| Capitalized Lease Proceeds                           | 160,645      | -                | 160,645      | -   |
| Total other Financing Sources                        | \$ 235,645   | \$ 75,000        | \$ 235,645   | \$ -  |
| Net Change in Fund Balance                           | \$ 39,205    | \$ (25,960)      | \$ (23,415)  | \$ 62,620   |
| Fund Balance, July 1, 2014                           | 150,184      | 137,997          | 137,997      | (12,187)  |
| Prior Period Adjustment                              | (80,633)     | -                | -            | (80,633)  |
| Fund Balance, June 30, 2015                          | \$ 108,756   | \$ 112,037       | \$ 114,582   | \$ 50,433   |

City of Manchester, Tennessee  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2015

|  | Actual                   | Budgeted Amounts         |                        | Variance<br>With Final<br>Budget-<br>Positive<br>(Negative) |
|--|--------------------------|--------------------------|------------------------|---|
|  |                          | Original                 | Final                  |   |
| <u>Revenues</u>                                      |                          |                          |                        |   |
| Fines, Forfeitures and Penalties                     | \$ 63,893                | \$ 75,000                | \$ 75,000              | \$ (11,107)   |
| Other Local Revenues                                 | 157,164                  | 123,497                  | 162,500                | (5,336)   |
| Intergovernmental                                    | -                        | -                        | 5,000                  | (5,000)   |
| Total Revenues                                       | <u>\$ 221,057</u>        | <u>\$ 198,497</u>        | <u>\$ 242,500</u>      | <u>\$ (21,443)</u>  |
| <u>Expenditures</u>                                  |                          |                          |                        |   |
| <u>Public Safety</u>                                 |                          |                          |                        |   |
| Drug Investigation and Control                       | \$ 189,278               | \$ 238,303               | \$ 238,723             | \$ 49,445   |
| Total Expenditures                                   | <u>\$ 189,278</u>        | <u>\$ 238,303</u>        | <u>\$ 238,723</u>      | <u>\$ 49,445</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>\$ 31,779</u>         | <u>\$ (39,806)</u>       | <u>\$ 3,777</u>        | <u>\$ 28,002</u>  |
| Net Change in Fund Balance                           | \$ 31,779                | \$ (39,806)              | \$ 3,777               | \$ 28,002   |
| Fund Balance, July 1, 2014                           | 471,065                  | 450,990                  |                        | (471,065)   |
| Fund Balance, June 30, 2015                          | <u><u>\$ 502,844</u></u> | <u><u>\$ 411,184</u></u> | <u><u>\$ 3,777</u></u> | <u><u>\$ (443,063)</u></u>                                  |

City of Manchester, Tennessee  
Schedule of Changes in Long-term Debt  
For the Year Ended June 30, 2015

| Description of Indebtedness                                      | Original<br>Amount<br>Of Issue | Interest<br>Rate | Outstanding<br>7/1/2014 | Issued<br>During<br>Period | Paid and/or<br>Matured<br>During<br>Period | Outstanding<br>6/30/2015 |
|--|--------------------------------|------------------|-------------------------|----------------------------|--|--------------------------|
| <u>Governmental Activities</u>                                   |                                |                  |                         |                            |  |                          |
| <u>Capitalized Leases</u>  |                                |                  |                         |                            |  |                          |
| Public Works Leaf Loader Lease                                   | \$ 35,895                      | 2.81%            | \$ -                    | \$ 35,895                  | \$ -                                       | \$ 35,895                |
| Public Works Knuckleboom Lease                                   | \$ 124,750                     | 2.81%            | -                       | 124,750                    | -  | 124,750                  |
| Recreation Cardio Equipment Lease                                | \$ 80,942                      | 2.81%            | -                       | 80,942                     | 8,660                                      | 72,282                   |
| Total Capitalized Leases   |                                |                  | \$ -                    | \$ 241,587                 | \$ 8,660                                   | \$ 232,927               |
| <u>Capital Outlay Notes Payable</u>                              |                                |                  |                         |                            |  |                          |
| Vision Bank Capital Outlay Notes, Series 2010                    | \$ 275,000                     | 3.85%            | \$ 157,143              | \$ -                       | \$ 39,286                                  | \$ 117,857               |
| Coffee County Bank Capital Outlay Notes, Series 2010             | \$ 275,000                     | 3.85%            | 157,769                 | -                          | 39,286                                     | 118,483                  |
| Total Capital Outlay Notes Payable                               |                                |                  | \$ 314,912              | \$ -                       | \$ 78,572                                  | \$ 236,340               |
| <u>Bonds Payable</u>   |                                |                  |                         |                            |  |                          |
| General Obligation Refunding Bonds, Series 2010                  | \$ 10,620,000                  | 4.70%            | \$ 10,600,000           | \$ -                       | \$ 10,000                                  | \$ 10,590,000            |
| General Obligation Refunding Bonds, Series 2013                  | \$ 9,690,000                   | 2.91%            | 9,590,000               |                            | 55,000                                     | 9,535,000                |
| General Obligation Refunding Bonds Series 2014                   | \$ 1,480,000                   | 3.67%            | 1,120,000               |                            | 365,000                                    | 755,000                  |
| Total Bonds Payable  |                                |                  | \$ 21,310,000           | \$ -                       | \$ 430,000                                 | \$ 20,880,000            |
| <u>Other Loans Payable</u>                                       |                                |                  |                         |                            |  |                          |
| Public Building Authority of Coffee County, Series Z-4-A         | \$ 1,460,000                   | 3.90%            | 1,130,000               | -                          | 120,000                                    | 1,010,000                |
| <u>Compensated Absences</u>                                      |                                |                  |                         |                            |  |                          |
| General Government   |                                |                  | \$ 1,205,402            | \$ 89,097                  | \$ -                                       | \$ 1,294,499             |
| City Schools   |                                |                  | 575,299                 | -                          | 39,845                                     | 535,454                  |
| Total Compensated Absences                                       |                                |                  | \$ 1,780,701            | \$ 89,097                  | \$ 39,845                                  | \$ 1,829,953             |
| <u>Other Post Employment Benefits</u>                            |                                |                  |                         |                            |  |                          |
| City School Employees Post Employment Medical Insurance          |                                |                  | \$ 665,457              | \$ 33,595                  | \$ -                                       | \$ 699,052               |
| Total Governmental Activities                                    |                                |                  | \$ 25,201,070           | \$ 364,279                 | \$ 677,077                                 | \$ 24,888,272            |
| <u>Business-type Activities</u>                                  |                                |                  |                         |                            |  |                          |
| <u>Bonds Payable</u>   |                                |                  |                         |                            |  |                          |
| GO Refunding Bonds, Series 2010                                  | \$ 5,620,000                   | 3.82%            | \$ 5,545,000            | \$ -                       | \$ 20,000                                  | \$ 5,525,000             |
| Water & Sewer Revenue & Tax Refunding Bonds, Series 2006         | \$ 825,000                     | 4.25%            | 690,000                 | -                          | 15,000                                     | 675,000                  |
| General Obligation Refunding Bonds, Series 2014                  | \$ 3,120,000                   | 3.94%            | 2,715,000               | -                          | 410,000                                    | 2,305,000                |
| RDA Bonds, Series 2011   | \$ 1,348,000                   | 3.00%            | 1,295,029               | -                          | 20,926                                     | 1,274,103                |
| RDA Bonds, Series 2014   |                                |                  | 472,758                 | -                          | 29,100                                     | 443,658                  |
| Total Bonds Payable  |                                |                  | \$ 10,717,787           | \$ -                       | \$ 495,026                                 | \$ 10,222,761            |
| <u>Other Loans Payable</u>                                       |                                |                  |                         |                            |  |                          |
| SRF Loan, Series 2011  | \$ 7,500,000                   | 2.16%            | \$ 6,492,157            | \$ -                       | \$ 324,576                                 | \$ 6,167,581             |
| Public Building Authority of Coffee County, TN Series Z-1-B DRUC | \$ 2,940,000                   | 4.74%            | 2,920,000               | -                          | -  | 2,920,000                |
| Public Building Authority of Coffee County, TN Series 2006 DRUC  | \$ 7,565,000                   | 4.03%            | 7,215,000               | -                          | 305,000                                    | 6,910,000                |
| Total Other Loans Payable  |                                |                  | \$ 16,627,157           | \$ -                       | \$ 629,576                                 | \$ 15,997,581            |
| Compensated Absences   |                                |                  | 261,218                 | 12,242                     | -  | 273,460                  |
| Total Business-type Activities                                   |                                |                  | \$ 27,606,162           | \$ 12,242                  | \$ 1,124,602                               | \$ 26,493,802            |
| Total  |                                |                  | \$ 52,807,232           | \$ 376,521                 | \$ 1,801,679                               | \$ 51,382,074            |

City of Manchester, Tennessee  
Schedule of Long-Term Debt Requirements By Year  
Governmental Activities

| Fiscal<br>Year<br>Ending | General Obligation Refunding<br>Bond, Series 2010 |           | General Obligation Refunding<br>Bond, Series 2013 |           | General Obligation Refunding<br>Bond, Series 2013 |          | First Vision Bank |          |
|--------------------------|---|-----------|---|-----------|---|----------|-------------------|----------|
|                          | Principal   | Interest  | Principal   | Interest  | Principal   | Interest | Principal         | Interest |
| 2016                     | 10,000  | 493,705   | 55,000  | 261,794   | 370,000   | 26,500   | 39,286            | 5,361    |
| 2017                     | 10,000  | 493,467   | 55,000  | 261,106   | 385,000   | 15,400   | 39,286            | 3,827    |
| 2018                     | 10,000  | 493,205   | 450,000   | 260,419   | -   | -        | 39,285            | 2,302    |
| 2019                     | 10,000  | 492,930   | 485,000   | 251,419   | -   | -        | -                 | -        |
| 2020                     | 10,000  | 492,630   | 480,000   | 232,119   | -   | -        | -                 | -        |
| 2021                     | 10,000  | 492,305   | 495,000   | 221,600   | -   | -        | -                 | -        |
| 2022                     | 10,000  | 491,980   | 725,000   | 205,287   | -   | -        | -                 | -        |
| 2023                     | 10,000  | 491,655   | 745,000   | 187,594   | -   | -        | -                 | -        |
| 2024                     | 10,000  | 491,305   | 765,000   | 166,556   | -   | -        | -                 | -        |
| 2025                     | 10,000  | 490,905   | 805,000   | 142,406   | -   | -        | -                 | -        |
| 2026                     | 10,000  | 490,505   | 830,000   | 117,506   | -   | -        | -                 | -        |
| 2027                     | 10,000  | 490,105   | 860,000   | 90,631    | -   | -        | -                 | -        |
| 2028                     | 10,000  | 489,705   | 895,000   | 62,663    | -   | -        | -                 | -        |
| 2029                     | 10,000  | 489,305   | 930,000   | 33,600    | -   | -        | -                 | -        |
| 2030                     | 10,000  | 488,885   | 960,000   | -         | -   | -        | -                 | -        |
| 2031                     | 1,115,000   | 488,465   | -   | -         | -   | -        | -                 | -        |
| 2032                     | 1,155,000   | 441,635   | -   | -         | -   | -        | -                 | -        |
| 2033                     | 1,195,000   | 393,125   | -   | -         | -   | -        | -                 | -        |
| 2034                     | 1,265,000   | 340,844   | -   | -         | -   | -        | -                 | -        |
| 2035                     | 1,330,000   | 285,500   | -   | -         | -   | -        | -                 | -        |
| 2036                     | 1,380,000   | 219,000   | -   | -         | -   | -        | -                 | -        |
| 2037                     | 1,475,000   | 150,000   | -   | -         | -   | -        | -                 | -        |
| 2038                     | 1,525,000   | 76,250    | -   | -         | -   | -        | -                 | -        |
| Total                    | 10,590,000  | 9,767,411 | 9,535,000   | 2,494,700 | 755,000   | 41,900   | 117,857           | 11,490   |

City of Manchester, Tennessee  
Schedule of Long-Term Debt Requirements By Year  
Governmental Activities

| Fiscal<br>Year<br>Ending | <u>Coffee County Bank</u> |          | <u>Improvement Bonds series Z-</u><br><u>4-A PBA Bonds</u> |          | <u>Total</u> |            |
|--------------------------|---------------------------|----------|--|----------|--------------|------------|
|                          | Principal                 | Interest | Principal  | Interest | Principal    | Interest   |
| 2016                     | 39,286                    | 5,361    | 135,000  | 44,065   | 648,572      | 836,786    |
| 2017                     | 39,286                    | 3,827    | 145,000  | 39,265   | 673,572      | 822,253    |
| 2018                     | 39,285                    | 2,302    | 160,000  | 28,428   | 698,570      | 790,483    |
| 2019                     | 626                       | 38       | 175,000  | 22,347   | 670,626      | 769,036    |
| 2020                     | -                         | -        | 190,000  | 15,610   | 680,000      | 740,359    |
| 2021                     | -                         | -        | 205,000  | 8,200    | 710,000      | 722,105    |
| 2022                     | -                         | -        | -  | -        | 735,000      | 697,267    |
| 2023                     | -                         | -        | -  | -        | 755,000      | 679,249    |
| 2024                     | -                         | -        | -  | -        | 775,000      | 657,861    |
| 2025                     | -                         | -        | -  | -        | 815,000      | 633,311    |
| 2026                     | -                         | -        | -  | -        | 840,000      | 608,011    |
| 2027                     | -                         | -        | -  | -        | 870,000      | 580,736    |
| 2028                     | -                         | -        | -  | -        | 905,000      | 552,368    |
| 2029                     | -                         | -        | -  | -        | 940,000      | 522,905    |
| 2030                     | -                         | -        | -  | -        | 970,000      | 488,885    |
| 2031                     | -                         | -        | -  | -        | 1,115,000    | 488,465    |
| 2032                     | -                         | -        | -  | -        | 1,155,000    | 441,635    |
| 2033                     | -                         | -        | -  | -        | 1,195,000    | 393,125    |
| 2034                     | -                         | -        | -  | -        | 1,265,000    | 340,844    |
| 2035                     | -                         | -        | -  | -        | 1,330,000    | 285,500    |
| 2036                     | -                         | -        | -  | -        | 1,380,000    | 219,000    |
| 2037                     | -                         | -        | -  | -        | 1,475,000    | 150,000    |
| 2038                     | -                         | -        | -  | -        | 1,525,000    | 76,250     |
| Total                    | 118,483                   | 11,528   | 1,010,000  | 157,915  | 22,126,340   | 12,496,434 |



City of Manchester, Tennessee  
Schedule of Long-Term Debt Requirements By Year  
Business-type Activities

| Fiscal Year<br>Ending | General Obligation Refunding<br>Bonds, Series 2010 |              | Local Government Public<br>Improvement Bonds Series 2010<br>Z-1-DRUC* |              | Water & Sewer Revenue & Tax<br>Revenue & Tax Refunding Bonds<br>Series 2006 -DRUC |              | Water & Sewer<br>Revenue & Tax Refunding Bonds<br>Series 2006 |            | General Obligation Refunding<br>Bonds, Series 2014 |            |
|-----------------------|--|--------------|---|--------------|---|--------------|---|------------|--|------------|
|                       | Principal  | Interest     | Principal   | Interest     | Principal   | Interest     | Principal   | Interest   | Principal  | Interest   |
| 2016                  | \$ 20,000  | \$ 207,600   | \$ -  | \$ 146,250   | \$ 315,000  | \$ 269,758   | \$ 15,000   | \$ 27,920  | \$ 430,000   | \$ 87,900  |
| 2017                  | 20,000   | 207,125      | -   | 146,250      | 325,000   | 256,958      | 15,000  | 27,320     | 445,000  | 75,000     |
| 2018                  | 20,000   | 206,600      | -   | 146,250      | 340,000   | 244,083      | 15,000  | 26,739     | 460,000  | 57,200     |
| 2019                  | 20,000   | 206,050      | -   | 146,250      | 350,000   | 231,058      | 20,000  | 26,078     | 475,000  | 38,800     |
| 2020                  | 20,000   | 205,450      | -   | 146,250      | 375,000   | 217,189      | 20,000  | 25,313     | 495,000  | 19,800     |
| 2021                  | 595,000  | 204,800      | -   | 146,250      | 385,000   | 202,463      | 20,000  | 24,538     | -  | -          |
| 2022                  | 615,000  | 185,463      | -   | 146,250      | 405,000   | 186,855      | 20,000  | 23,748     | -  | -          |
| 2023                  | 625,000  | 165,475      | -   | 146,250      | 420,000   | 170,355      | 20,000  | 22,948     | -  | -          |
| 2024                  | 670,000  | 143,600      | -   | 146,250      | 435,000   | 153,255      | 20,000  | 22,148     | -  | -          |
| 2025                  | 685,000  | 116,800      | -   | 146,250      | 455,000   | 135,455      | 20,000  | 21,348     | -  | -          |
| 2026                  | 705,000  | 89,400       | -   | 146,250      | 465,000   | 117,055      | 25,000  | 20,448     | -  | -          |
| 2027                  | 745,000  | 61,200       | -   | 146,250      | 485,000   | 98,055       | 25,000  | 19,448     | -  | -          |
| 2028                  | 785,000  | 31,400       | -   | 146,250      | 510,000   | 77,900       | 25,000  | 18,435     | -  | -          |
| 2029                  | -  | -            | -   | 146,250      | 530,000   | 56,580       | 25,000  | 17,410     | -  | -          |
| 2030                  | -  | -            | -   | 146,250      | 545,000   | 34,543       | 30,000  | 16,283     | -  | -          |
| 2031                  | -  | -            | -   | 146,250      | 570,000   | 11,678       | 30,000  | 15,053     | -  | -          |
| 2032                  | -  | -            | 350,000   | 146,250      | -   | -            | 30,000  | 13,781     | -  | -          |
| 2033                  | -  | -            | 375,000   | 128,750      | -   | -            | 30,000  | 12,469     | -  | -          |
| 2034                  | -  | -            | 400,000   | 110,000      | -   | -            | 35,000  | 11,047     | -  | -          |
| 2035                  | -  | -            | 425,000   | 90,000       | -   | -            | 35,000  | 9,516      | -  | -          |
| 2036                  | -  | -            | 450,000   | 68,750       | -   | -            | 35,000  | 7,984      | -  | -          |
| 2037                  | -  | -            | 450,000   | 46,250       | -   | -            | 35,000  | 6,453      | -  | -          |
| 2038                  | -  | -            | 470,000   | 23,750       | -   | -            | 40,000  | 4,813      | -  | -          |
| 2039                  | -  | -            | -   | -            | -   | -            | 40,000  | 3,063      | -  | -          |
| 2040                  | -  | -            | -   | -            | -   | -            | 50,000  | 1,094      | -  | -          |
| 2041                  | -  | -            | -   | -            | -   | -            | -   | -          | -  | -          |
| 2042                  | -  | -            | -   | -            | -   | -            | -   | -          | -  | -          |
| 2043                  | -  | -            | -   | -            | -   | -            | -   | -          | -  | -          |
| 2044                  | -  | -            | -   | -            | -   | -            | -   | -          | -  | -          |
| 2045                  | -  | -            | -   | -            | -   | -            | -   | -          | -  | -          |
| 2046                  | -  | -            | -   | -            | -   | -            | -   | -          | -  | -          |
| 2047                  | -  | -            | -   | -            | -   | -            | -   | -          | -  | -          |
| 2048                  | -  | -            | -   | -            | -   | -            | -   | -          | -  | -          |
| 2049                  | -  | -            | -   | -            | -   | -            | -   | -          | -  | -          |
| 2050                  | -  | -            | -   | -            | -   | -            | -   | -          | -  | -          |
|                       | \$ 5,525,000                                       | \$ 2,030,963 | \$ 2,920,000  | \$ 2,953,750 | \$ 6,910,000  | \$ 2,463,240 | \$ 675,000  | \$ 425,390 | \$ 2,305,000                                       | \$ 278,700 |

City of Manchester, Tennessee  
Schedule of Long-Term Debt Requirements By Year  
Business-type Activities

| Fiscal Year<br>Ending | SRF Loan<br>Series 2011 |              | RDA Bonds<br>Series 2011 |            | RDA Bonds<br>Series 2014 |           | Totals        |               |
|-----------------------|-------------------------|--------------|--------------------------|------------|--------------------------|-----------|---------------|---------------|
|                       | Principal               | Interest     | Principal                | Interest   | Principal                | Interest  | Principal     | Interest      |
| 2016                  | \$ 331,656              | \$ 130,477   | \$ 21,562                | \$ 38,036  | \$ 29,393                | \$ 13,951 | \$ 1,162,611  | \$ 921,892    |
| 2017                  | 338,891                 | 123,242      | 22,218                   | 37,277     | 30,363                   | 12,981    | 1,196,472     | 886,153       |
| 2018                  | 346,285                 | 115,848      | 22,894                   | 36,601     | 31,364                   | 11,980    | 1,235,543     | 845,301       |
| 2019                  | 353,839                 | 108,294      | 23,590                   | 35,905     | 32,399                   | 10,945    | 1,274,828     | 803,379       |
| 2020                  | 361,558                 | 100,575      | 24,308                   | 35,284     | 33,468                   | 9,876     | 1,329,333     | 759,736       |
| 2021                  | 369,445                 | 92,687       | 25,047                   | 34,448     | 34,572                   | 8,772     | 1,429,064     | 713,958       |
| 2022                  | 377,504                 | 84,627       | 25,809                   | 33,686     | 35,712                   | 7,632     | 1,479,026     | 668,260       |
| 2023                  | 385,740                 | 76,391       | 26,594                   | 32,901     | 36,891                   | 6,453     | 1,514,224     | 620,774       |
| 2024                  | 394,154                 | 67,976       | 27,403                   | 32,180     | 38,108                   | 5,236     | 1,584,665     | 570,645       |
| 2025                  | 402,754                 | 59,377       | 28,236                   | 31,259     | 39,365                   | 3,979     | 1,630,354     | 514,468       |
| 2026                  | 411,540                 | 50,591       | 29,095                   | 30,400     | 40,663                   | 2,681     | 1,676,298     | 456,824       |
| 2027                  | 420,517                 | 41,613       | 29,980                   | 29,515     | 42,005                   | 1,339     | 1,747,502     | 397,420       |
| 2028                  | 429,691                 | 32,439       | 30,892                   | 28,681     | 19,355                   | 152       | 1,799,938     | 335,257       |
| 2029                  | 439,064                 | 23,065       | 31,831                   | 27,664     | -                        | -         | 1,025,896     | 270,969       |
| 2030                  | 448,643                 | 13,486       | 32,800                   | 26,696     | -                        | -         | 1,056,442     | 237,257       |
| 2031                  | 356,300                 | 3,779        | 33,797                   | 25,698     | -                        | -         | 990,097       | 202,457       |
| 2032                  | -                       | -            | 34,825                   | 24,737     | -                        | -         | 414,825       | 184,768       |
| 2033                  | -                       | -            | 35,884                   | 23,611     | -                        | -         | 440,884       | 164,830       |
| 2034                  | -                       | -            | 36,976                   | 22,520     | -                        | -         | 471,976       | 143,566       |
| 2035                  | -                       | -            | 38,101                   | 21,395     | -                        | -         | 498,101       | 120,911       |
| 2036                  | -                       | -            | 39,259                   | 20,291     | -                        | -         | 524,259       | 97,025        |
| 2037                  | -                       | -            | 40,453                   | 19,042     | -                        | -         | 525,453       | 71,745        |
| 2038                  | -                       | -            | 41,684                   | 17,812     | -                        | -         | 551,684       | 46,374        |
| 2039                  | -                       | -            | 42,952                   | 16,544     | -                        | -         | 82,952        | 19,606        |
| 2040                  | -                       | -            | 44,258                   | 15,278     | -                        | -         | 94,258        | 16,372        |
| 2041                  | -                       | -            | 45,604                   | 13,891     | -                        | -         | 45,604        | 13,891        |
| 2042                  | -                       | -            | 46,991                   | 12,504     | -                        | -         | 46,991        | 12,504        |
| 2043                  | -                       | -            | 48,421                   | 11,075     | -                        | -         | 48,421        | 11,075        |
| 2044                  | -                       | -            | 49,894                   | 9,628      | -                        | -         | 49,894        | 9,628         |
| 2045                  | -                       | -            | 51,411                   | 8,085      | -                        | -         | 51,411        | 8,085         |
| 2046                  | -                       | -            | 52,975                   | 6,521      | -                        | -         | 52,975        | 6,521         |
| 2047                  | -                       | -            | 54,586                   | 4,910      | -                        | -         | 54,586        | 4,910         |
| 2048                  | -                       | -            | 56,246                   | 3,258      | -                        | -         | 56,246        | 3,258         |
| 2049                  | -                       | -            | 57,957                   | 1,539      | -                        | -         | 57,957        | 1,539         |
| 2050                  | -                       | -            | 19,570                   | 124        | -                        | -         | 19,570        | 124           |
|                       | \$ 6,167,582            | \$ 1,124,466 | \$ 1,274,103             | \$ 768,997 | \$ 443,658               | \$ 95,977 | \$ 26,220,343 | \$ 10,141,483 |

City of Manchester, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2015

| <u>From Fund</u> | <u>To Fund</u>          | <u>Purpose</u>                    | <u>Amount</u>              |
|------------------|-------------------------|-----------------------------------|----------------------------|
| General          | General Purpose Schools | To Provide Funding for Operations | \$ 1,678,467               |
| General          | Debt Service            | Retire Debt                       | 1,387,902                  |
| General          | Recreation              | To Provide Funding for Operations | 526,701                    |
| Recreation       | Debt Service            | Retire Debt                       | 100,377                    |
| General          | Sanitation              | To Provide Funding for Operations | 75,000                     |
| General          | Community Policing      | To Provide Funding for Operations | <u>2,000</u>               |
| Total Transfers  |                         |                                   | <u><u>\$ 3,770,447</u></u> |

City of Manchester, Tennessee  
Schedule of Detailed Revenues  
For the Year Ended June 30, 2015

|  | General       | Recreation | Tourism and<br>Community<br>Development | General<br>Purpose<br>School | School<br>Federal<br>Projects | Central<br>Cafeteria |
|--|---------------|------------|---|------------------------------|-------------------------------|----------------------|
| <u>Local Taxes</u>                               |               |            |   |                              |                               |                      |
| <u>Property Taxes</u>                            |               |            |   |                              |                               |                      |
| Current Property Tax                             | \$ 4,295,275  | \$ -       | \$ -                                    | \$ -                         | \$ -                          | \$ -                 |
| Property Tax - 1st Prior Yr                      | 123,758       | -          | -                                       | -                            | -                             | -                    |
| Property Tax - Other Prior Yrs                   | 111,975       | -          | -                                       | -                            | -                             | -                    |
| Interest & Penalty                               | 76,615        | -          | -                                       | -                            | -                             | -                    |
| <u>Other Taxes</u>                               |               |            |   |                              |                               |                      |
| Local Option Sales Tax                           | 3,928,653     | -          | -                                       | -                            | -                             | -                    |
| Wholesale Beer Tax                               | 502,246       | -          | -                                       | -                            | -                             | -                    |
| Wholesale Liquor Tax                             | 222,445       | -          | -                                       | -                            | -                             | -                    |
| Business Taxes                                   | 306,798       | -          | -                                       | -                            | -                             | -                    |
| Cable TV Franchise Tax                           | 134,958       | -          | -                                       | -                            | -                             | -                    |
| Room Occupancy Tax                               | 391,873       | 186,539    | 94,048                                  | -                            | -                             | -                    |
| Total Local Taxes                                | \$ 10,094,596 | \$ 186,539 | \$ 94,048                               | \$ -                         | \$ -                          | \$ -                 |
| <u>Licenses and Permits</u>                      |               |            |   |                              |                               |                      |
| Beer/Liquor by Drink Permits                     | \$ 15,845     | \$ -       | \$ -                                    | \$ -                         | \$ -                          | \$ -                 |
| Building Permits                                 | 55,120        | -          | -                                       | -                            | -                             | -                    |
| Total Licenses and Permits                       | \$ 70,965     | \$ -       | \$ -                                    | \$ -                         | \$ -                          | \$ -                 |
| <u>Charges for Current Services</u>              |               |            |   |                              |                               |                      |
| <u>General Government - Charges for Services</u> |               |            |   |                              |                               |                      |
| Administrative Services                          | \$ -          | \$ -       | \$ -                                    | \$ -                         | \$ -                          | \$ -                 |
| <u>Public Safety Charges for Services</u>        |               |            |   |                              |                               |                      |
| Fees and Commissions                             | 892           | -          | -                                       | -                            | -                             | -                    |
| Accident Report Charges                          | 705           | -          | -                                       | -                            | -                             | -                    |
| <u>Public Works Charges for Services</u>         |               |            |   |                              |                               |                      |
| Mowing   | 3,259         | -          | -                                       | -                            | -                             | -                    |
| Concrete & Plastic Tile                          | 14,175        | -          | -                                       | -                            | -                             | -                    |
| Animal Control                                   | 2,035         | -          | -                                       | -                            | -                             | -                    |
| <u>Sanitation - Charges for Service</u>          |               |            |   |                              |                               |                      |
| Solid Waste Residential Collect                  | -             | -          | -                                       | -                            | -                             | -                    |
| Solid Waste Debris Pickup                        | -             | -          | -                                       | -                            | -                             | -                    |
| Solid Waste Surcharge - General                  | -             | -          | -                                       | -                            | -                             | -                    |
| Refuse Recycling Charges                         | -             | -          | -                                       | -                            | -                             | -                    |
| <u>Recreation - Charges for Service</u>          |               |            |   |                              |                               |                      |
| Swimming Lessons Charges                         | -             | 36,748     | -                                       | -                            | -                             | -                    |
| Pool Rental                                      | -             | 30,493     | -                                       | -                            | -                             | -                    |
| Activity Fees                                    | -             | 35,990     | -                                       | -                            | -                             | -                    |
| Day Camp Charges                                 | -             | 41,204     | -                                       | -                            | -                             | -                    |
| Fireworks  | -             | 10,000     | -                                       | -                            | -                             | -                    |

City of Manchester, Tennessee  
Schedule of Detailed Revenues  
For the Year Ended June 30, 2015

|   | General    | Recreation   | Tourism and<br>Community<br>Development | General<br>Purpose<br>School | School<br>Federal<br>Projects | Central<br>Cafeteria |
|---|------------|--------------|---|------------------------------|-------------------------------|----------------------|
| <u>Charges for Current Services (Cont.)</u>     |            |              |   |                              |                               |                      |
| <u>Recreation - Charges for Service (Cont.)</u> |            |              |   |                              |                               |                      |
| Park and Recreation Concession                  | -          | 82,023       | -                                       | -                            | -                             | -                    |
| ADA Wright Center - Rental                      | -          | 9,691        | -                                       | -                            | -                             | -                    |
| Shelter Rentals                                 | -          | 4,180        | -                                       | -                            | -                             | -                    |
| Membership and Dues - Yearly                    | -          | 550,505      | -                                       | -                            | -                             | -                    |
| Membership and Dues - Monthly                   | -          | 24,853       | -                                       | -                            | -                             | -                    |
| Membership and Dues - Daily                     | -          | 181,215      | -                                       | -                            | -                             | -                    |
| Recreation Complex Concessions                  | -          | 96,494       | -                                       | -                            | -                             | -                    |
| Athletic League                                 | -          | 3,393        | -                                       | -                            | -                             | -                    |
| Silver & Fit                                    | -          | 1,830        | -                                       | -                            | -                             | -                    |
| Sponsorships                                    | -          | 15,344       | -                                       | -                            | -                             | -                    |
| Meeting Room Rental                             | -          | 20,456       | -                                       | -                            | -                             | -                    |
| <u>Education Charges</u>                        |            |              |   |                              |                               |                      |
| Tuition - Regular Day Students                  | -          | -            | -                                       | 20,325                       | -                             | -                    |
| Lunch Payments Children                         | -          | -            | -                                       | -                            | -                             | 99,237               |
| Lunch Payments Adults                           | -          | -            | -                                       | -                            | -                             | 16,523               |
| Income from Breakfast                           | -          | -            | -                                       | -                            | -                             | 13,511               |
| A la Carte Sales                                | -          | -            | -                                       | -                            | -                             | 54,794               |
| Receipts From Individual Schools                | -          | -            | -                                       | 5,173                        | -                             | -                    |
| Community Service Fees - Children               | -          | -            | -                                       | 125,802                      | -                             | -                    |
| Total Charges for Current Services              | \$ 21,066  | \$ 1,144,419 | \$ -                                    | \$ 151,300                   | \$ -                          | \$ 184,065           |
| <u>Fines, Forfeitures and Penalties</u>         |            |              |   |                              |                               |                      |
| <u>City Court Revenue</u>                       |            |              |   |                              |                               |                      |
| Court Fines and Costs                           | \$ 246,158 | \$ -         | \$ -                                    | \$ -                         | \$ -                          | \$ -                 |
| SOR Fees  | 1,000      | -            | -                                       | -                            | -                             | -                    |
| Total Fines, Forfeitures and Penalties          | \$ 247,158 | \$ -         | \$ -                                    | \$ -                         | \$ -                          | \$ -                 |
| <u>Other Local Revenues</u>                     |            |              |   |                              |                               |                      |
| <u>Recurring Items</u>                          |            |              |   |                              |                               |                      |
| Interest Earned                                 | \$ -       | \$ -         | \$ -                                    | \$ 3,899                     | \$ -                          | \$ 179               |
| Lease of Property                               | -          | -            | -                                       | -                            | -                             | -                    |
| Sale of Equipment                               | -          | 6,361        | -                                       | -                            | -                             | -                    |
| Sale of Vehicles                                | 26,660     | -            | -                                       | -                            | -                             | -                    |
| Sale of Materials and Supplies                  | -          | -            | -                                       | 433                          | -                             | -                    |
| Sale of Cemetary Lots                           | 2,900      | -            | -                                       | -                            | -                             | -                    |
| Insurance Recoveries                            | 15,085     | -            | -                                       | -                            | -                             | -                    |
| E-Rate Funding                                  | -          | -            | -                                       | 7,168                        | -                             | -                    |
| Miscellaneous Refunds                           | 16,320     | -            | -                                       | 20,871                       | 9,075                         | -                    |
| Damages Recovered                               | -          | -            | -                                       | 2,844                        | -                             | -                    |

City of Manchester, Tennessee  
Schedule of Detailed Revenues  
For the Year Ended June 30, 2015

|  | General    | Recreation | Tourism and<br>Community<br>Development | General<br>Purpose<br>School | School<br>Federal<br>Projects | Central<br>Cafeteria |
|--|------------|------------|---|------------------------------|-------------------------------|----------------------|
| <u>Other Local Revenues (Cont.)</u>                      |            |            |   |                              |                               |                      |
| <u>Recurring Items (Cont.)</u>                           |            |            |   |                              |                               |                      |
| Contributions and Donations                              | 61,257     | 7,000      | 2,500                                   | 4,415                        | -                             | -                    |
| Sale of Conficated Vehicles                              | -          | -          | -                                       | -                            | -                             | -                    |
| Sale of Other Contraband                                 | -          | -          | -                                       | -                            | -                             | -                    |
| TDOT - Ind. Park Access Road                             | 59,013     | -          | -                                       | -                            | -                             | -                    |
| Other Local Revenues                                     | 5,805      | 12,462     | -                                       | 4,089                        | -                             | -                    |
| Total Other Local Revenues                               | \$ 187,040 | \$ 25,823  | \$ 2,500                                | \$ 43,719                    | \$ 9,075                      | \$ 179               |
| <u>Intergovernmental</u>                                 |            |            |   |                              |                               |                      |
| <u>County Property Taxes</u>                             |            |            |   |                              |                               |                      |
| Current Property Tax                                     | \$ -       | \$ -       | \$ -                                    | 2,234,125                    | \$ -                          | \$ -                 |
| Trustee's Collection Prior Year                          | -          | -          | -                                       | 82,194                       | -                             | -                    |
| Trustee's Collections Bankruptcy                         | -          | -          | -                                       | 861                          | -                             | -                    |
| Circuit Clerk/Clerk and Master Collections - Prior Years | -          | -          | -                                       | 35,622                       | -                             | -                    |
| Interest and Penalty                                     | -          | -          | -                                       | 23,152                       | -                             | -                    |
| Payments in-Lieu-of Taxes - T.V.A.                       | -          | -          | -                                       | 146                          | -                             | -                    |
| Payments in-Lieu-of Taxes - Local Utilities              | -          | -          | -                                       | 2,352                        | -                             | -                    |
| Payments in-Lieu-of Taxes - Other                        | -          | -          | -                                       | 741                          | -                             | -                    |
| <u>County Local Option Taxes</u>                         |            |            |   |                              |                               |                      |
| Local Option Sales Tax                                   | -          | -          | -                                       | 1,684,408                    | -                             | -                    |
| <u>Statutory Local Taxes</u>                             |            |            |   |                              |                               |                      |
| Interstate Telecommunications Tax                        | -          | -          | -                                       | 708                          | -                             | -                    |
| <u>County Licenses and Permits</u>                       |            |            |   |                              |                               |                      |
| Marriage Licenses  | -          | -          | -                                       | 543                          | -                             | -                    |
| <u>Federal Payments in Lieu of Tax</u>                   |            |            |   |                              |                               |                      |
| Housing Authority Payment in Lieu of Tax                 | 7,904      | -          | -                                       | -                            | -                             | -                    |
| TVA Payments in Lieu of Tax                              | 117,084    | -          | -                                       | -                            | -                             | -                    |
| <u>State Education Funds</u>                             |            |            |   |                              |                               |                      |
| Basic Education Program                                  | -          | -          | -                                       | 6,060,000                    | -                             | -                    |
| Early Childhood Education                                | -          | -          | -                                       | 277,456                      | -                             | -                    |
| School Food Service                                      | -          | -          | -                                       | -                            | -                             | 7,828                |
| <u>Intergovernmental (Cont.)</u>                         |            |            |   |                              |                               |                      |
| <u>State Education Funds (Cont.)</u>                     |            |            |   |                              |                               |                      |
| Other State Education Funds                              | -          | -          | -                                       | 215,586                      | -                             | -                    |
| Career Ladder Program                                    | -          | -          | -                                       | 56,320                       | -                             | -                    |
| Career Ladder Extended Contracts                         | -          | -          | -                                       | 21,445                       | -                             | -                    |
| <u>Other State Revenues</u>                              |            |            |   |                              |                               |                      |
| State Sales Tax  | 766,081    | -          | -                                       | -                            | -                             | -                    |
| State Income Tax   | 112,565    | -          | -                                       | -                            | -                             | -                    |
| State Beer Tax   | 4,831      | -          | -                                       | -                            | -                             | -                    |

City of Manchester, Tennessee  
Schedule of Detailed Revenues  
For the Year Ended June 30, 2015

|   | General       | Recreation   | Tourism and<br>Community<br>Development | General<br>Purpose<br>School | School<br>Federal<br>Projects | Central<br>Cafeteria |
|---|---------------|--------------|---|------------------------------|-------------------------------|----------------------|
| <u>Intergovernmental (Cont.)</u>                  |               |              |   |                              |                               |                      |
| <u>Other State Revenues (Cont.)</u>               |               |              |   |                              |                               |                      |
| State Mix Drink Tax                               | 38,187        | -            | -                                       | -                            | -                             | -                    |
| Alcoholic Beverage Tax                            | -             | -            | -                                       | 1,101                        | -                             | -                    |
| State Gas and Motor Fuel Tax                      | 182,859       | -            | -                                       | -                            | -                             | -                    |
| State City Streets & Transport                    | 20,608        | -            | -                                       | -                            | -                             | -                    |
| State 3% Gas Tax                                  | 83,852        | -            | -                                       | -                            | -                             | -                    |
| Corporate Excise Tax                              | 113,905       | -            | -                                       | -                            | -                             | -                    |
| State Hwy Maintenance Contract                    | 75,230        | -            | -                                       | -                            | -                             | -                    |
| Local Parks and Recreation Fund Grant             | -             | 95,912       | -                                       | -                            | -                             | -                    |
| Diabetes Grant B Revenue                          | -             | 15,000       | -                                       | -                            | -                             | -                    |
| Diabetes Grant A Revenue                          | -             | 149,973      | -                                       | -                            | -                             | -                    |
| Other State Grants                                | 34,200        | -            | -                                       | 1,701                        | -                             | -                    |
| <u>Federal Government Thru State of Tennessee</u> |               |              |   |                              |                               |                      |
| USDA School Lunch Program                         | -             | -            | -                                       | -                            | -                             | 337,818              |
| USDA - Commodities                                | -             | -            | -                                       | -                            | -                             | 39,999               |
| Breakfast   | -             | -            | -                                       | -                            | -                             | 151,731              |
| Title I Grants to Local Education Agencies        | -             | -            | -                                       | -                            | 440,283                       | -                    |
| Special Education - Grants to States              | -             | -            | -                                       | 30,364                       | 425,580                       | -                    |
| Special Education Preschool Grants                | -             | -            | -                                       | 16,675                       | 26,711                        | -                    |
| English Language Acquisition Grants               | -             | -            | -                                       | -                            | 9,497                         | -                    |
| Rural Education                                   | -             | -            | -                                       | -                            | 28,857                        | -                    |
| Eisenhower Professional Development State Grants  | -             | -            | -                                       | -                            | 42,020                        | -                    |
| Community Development Block Grant                 | 39,313        | -            | -                                       | -                            | -                             | -                    |
| Highway Planning and Construction Grants          | 125,609       | -            | 456,326                                 | -                            | -                             | -                    |
| Other Federal Thru State of Tennessee             | 28,924        | -            | -                                       | -                            | -                             | -                    |
| <u>Direct Federal Revenue</u>                     |               |              |   |                              |                               |                      |
| Other Direct Federal Revenue                      | -             | -            | -                                       | 503,969                      | -                             | -                    |
| <u>Grants or Contracts - Local Governments</u>    |               |              |   |                              |                               |                      |
| Industrial Park Allocations for Fire Department   | 10,000        | -            | -                                       | -                            | -                             | -                    |
| Industrial Park Allocation                        | 57,600        | -            | -                                       | -                            | -                             | -                    |
| Total Intergovernmental                           | \$ 1,818,752  | \$ 260,885   | \$ 456,326                              | \$ 11,249,469                | \$ 972,948                    | \$ 537,376           |
| Total   | \$ 12,439,577 | \$ 1,617,666 | \$ 552,874                              | \$ 11,444,488                | \$ 982,023                    | \$ 721,620           |

City of Manchester, Tennessee  
Schedule of Detailed Revenues  
For the Year Ended June 30, 2015

|  | Debt<br>Service | Community<br>Policing | Sanitation | Drug<br>Control | Total      |
|--|-----------------|-----------------------|------------|-----------------|------------|
| <u>Local Taxes</u>                               |                 |                       |            |                 |            |
| <u>Property Taxes</u>                            |                 |                       |            |                 |            |
| Current Property Tax                             | \$ -            | \$ -                  | \$ -       | \$ -            | 4,295,275  |
| Property Tax - 1st Prior Yr                      | -               | -                     | -          | -               | 123,758    |
| Property Tax - Other Prior Yrs                   | -               | -                     | -          | -               | 111,975    |
| Interest & Penalty                               | -               | -                     | -          | -               | 76,615     |
| <u>Other Taxes</u>                               |                 |                       |            |                 |            |
| Local Option Sales Tax                           | -               | -                     | -          | -               | 3,928,653  |
| Wholesale Beer Tax                               | -               | -                     | -          | -               | 502,246    |
| Wholesale Liquor Tax                             | -               | -                     | -          | -               | 222,445    |
| Business Taxes                                   | -               | -                     | -          | -               | 306,798    |
| Cable TV Franchise Tax                           | -               | -                     | -          | -               | 134,958    |
| Room Occupancy Tax                               | -               | -                     | -          | -               | 672,460    |
| Total Local Taxes                                | \$ -            | \$ -                  | \$ -       | \$ -            | 10,375,183 |
| <u>Licenses and Permits</u>                      |                 |                       |            |                 |            |
| Beer/Liquor by Drink Permits                     | \$ -            | \$ -                  | \$ -       | \$ -            | 15,845     |
| Building Permits                                 | -               | -                     | -          | -               | 55,120     |
| Total Licenses and Permits                       | \$ -            | \$ -                  | \$ -       | \$ -            | 70,965     |
| <u>Charges for Current Services</u>              |                 |                       |            |                 |            |
| <u>General Government - Charges for Services</u> |                 |                       |            |                 |            |
| Administrative Services                          | \$ -            | \$ -                  | 96,957     | \$ -            | 96,957     |
| <u>Public Safety Charges for Services</u>        |                 |                       |            |                 |            |
| Fees and Commissions                             | -               | -                     | -          | -               | 892        |
| Accident Report Charges                          | -               | -                     | -          | -               | 705        |
| <u>Public Works Charges for Services</u>         |                 |                       |            |                 |            |
| Mowing   | -               | -                     | -          | -               | 3,259      |
| Concrete & Plastic Tile                          | -               | -                     | -          | -               | 14,175     |
| Animal Control                                   | -               | -                     | -          | -               | 2,035      |
| <u>Sanitation - Charges for Service</u>          |                 |                       |            |                 |            |
| Solid Waste Residential Collect                  | -               | -                     | 265,251    | -               | 265,251    |
| Solid Waste Debris Pickup                        | -               | -                     | 12,264     | -               | 12,264     |
| Solid Waste Surcharge - General                  | -               | -                     | 587,752    | -               | 587,752    |
| Refuse Recycling Charges                         | -               | -                     | 24,219     | -               | 24,219     |
| <u>Recreation - Charges for Service</u>          |                 |                       |            |                 |            |
| Swimming Lessons Charges                         | -               | -                     | -          | -               | 36,748     |
| Pool Rental                                      | -               | -                     | -          | -               | 30,493     |
| Activity Fees                                    | -               | -                     | -          | -               | 35,990     |
| Day Camp Charges                                 | -               | -                     | -          | -               | 41,204     |
| Fireworks  | -               | -                     | -          | -               | 10,000     |



City of Manchester, Tennessee  
Schedule of Detailed Revenues  
For the Year Ended June 30, 2015

|   | Debt<br>Service | Community<br>Policing | Sanitation | Drug<br>Control | Total        |
|---|-----------------|-----------------------|------------|-----------------|--------------|
| <u>Charges for Current Services (Cont.)</u>     |                 |                       |            |                 |              |
| <u>Recreation - Charges for Service (Cont.)</u> |                 |                       |            |                 |              |
| Park and Recreation Concession                  | -               | -                     | -          | -               | 82,023       |
| ADA Wright Center - Rental                      | -               | -                     | -          | -               | 9,691        |
| Shelter Rentals                                 | -               | -                     | -          | -               | 4,180        |
| Membership and Dues - Yearly                    | -               | -                     | -          | -               | 550,505      |
| Membership and Dues - Monthly                   | -               | -                     | -          | -               | 24,853       |
| Membership and Dues - Daily                     | -               | -                     | -          | -               | 181,215      |
| Recreation Complex Concessions                  | -               | -                     | -          | -               | 96,494       |
| Athletic League                                 | -               | -                     | -          | -               | 3,393        |
| Silver & Fit                                    | -               | -                     | -          | -               | 1,830        |
| Sponsorships                                    | -               | -                     | -          | -               | 15,344       |
| Meeting Room Rental                             | -               | -                     | -          | -               | 20,456       |
| <u>Education Charges</u>                        |                 |                       |            |                 |              |
| Tuition - Regular Day Students                  | -               | -                     | -          | -               | 20,325       |
| Lunch Payments Children                         | -               | -                     | -          | -               | 99,237       |
| Lunch Payments Adults                           | -               | -                     | -          | -               | 16,523       |
| Income from Breakfast                           | -               | -                     | -          | -               | 13,511       |
| A la Carte Sales                                | -               | -                     | -          | -               | 54,794       |
| Receipts From Individual Schools                | -               | -                     | -          | -               | 5,173        |
| Community Service Fees - Children               | -               | -                     | -          | -               | 125,802      |
| Total Charges for Current Services              | \$ -            | \$ -                  | \$ 986,443 | \$ -            | \$ 2,487,293 |
| <u>Fines, Forfeitures and Penalties</u>         |                 |                       |            |                 |              |
| <u>City Court Revenue</u>                       |                 |                       |            |                 |              |
| Court Fines and Costs                           | \$ -            | \$ 6,277              | \$ -       | \$ 63,893       | \$ 316,328   |
| SOR Fees  | -               | -                     | -          | -               | 1,000        |
| Total Fines, Forfeitures and Penalties          | \$ -            | \$ 6,277              | \$ -       | \$ 63,893       | \$ 317,328   |
| <u>Other Local Revenues</u>                     |                 |                       |            |                 |              |
| <u>Recurring Items</u>                          |                 |                       |            |                 |              |
| Interest Earned                                 | \$ 11,397       | \$ -                  | \$ -       | \$ -            | 15,475       |
| Lease of Property                               | 27,875          | -                     | -          | -               | 27,875       |
| Sale of Equipment                               | -               | -                     | -          | 31,919          | 38,280       |
| Sale of Vehicles                                | -               | -                     | -          | 20,548          | 47,208       |
| Sale of Materials and Supplies                  | -               | -                     | -          | -               | 433          |
| Sale of Cemetary Lots                           | -               | -                     | -          | -               | 2,900        |
| Insurance Recoveries                            | -               | -                     | -          | -               | 15,085       |
| E-Rate Funding                                  | -               | -                     | -          | -               | 7,168        |
| Miscellaneous Refunds                           | -               | -                     | -          | -               | 46,266       |
| Damages Recovered                               | -               | -                     | -          | -               | 2,844        |

City of Manchester, Tennessee  
Schedule of Detailed Revenues  
For the Year Ended June 30, 2015

|  | Debt<br>Service | Community<br>Policing | Sanitation | Drug<br>Control | Total      |
|--|-----------------|-----------------------|------------|-----------------|------------|
| <u>Other Local Revenues (Cont.)</u>                      |                 |                       |            |                 |            |
| <u>Recurring Items (Cont.)</u>                           |                 |                       |            |                 |            |
| Contributions and Donations                              | -               | 23,591                | -          | 44,772          | 143,535    |
| Sale of Conficated Vehicles                              | -               | -                     | -          | 57,136          | 57,136     |
| Sale of Other Contraband                                 | -               | -                     | -          | 2,789           | 2,789      |
| TDOT - Ind. Park Access Road                             | -               | -                     | -          | -               | 59,013     |
| Other Local Revenues                                     | -               | -                     | -          | -               | 22,356     |
| Total Other Local Revenues                               | \$ 39,272       | \$ 23,591             | \$ -       | \$ 157,164      | \$ 488,363 |
| <u>Intergovernmental</u>                                 |                 |                       |            |                 |            |
| <u>County Property Taxes</u>                             |                 |                       |            |                 |            |
| Current Property Tax                                     | \$ -            | \$ -                  | \$ -       | \$ -            | 2,234,125  |
| Trustee's Collection Prior Year                          | -               | -                     | -          | -               | 82,194     |
| Trustee's Collections Bankruptcy                         | -               | -                     | -          | -               | 861        |
| Circuit Clerk/Clerk and Master Collections - Prior Years | -               | -                     | -          | -               | 35,622     |
| Interest and Penalty                                     | -               | -                     | -          | -               | 23,152     |
| Payments in-Lieu-of Taxes - T.V.A.                       | -               | -                     | -          | -               | 146        |
| Payments in-Lieu-of Taxes - Local Utilities              | -               | -                     | -          | -               | 2,352      |
| Payments in-Lieu-of Taxes - Other                        | -               | -                     | -          | -               | 741        |
| <u>County Local Option Taxes</u>                         |                 |                       |            |                 |            |
| Local Option Sales Tax                                   | -               | -                     | -          | -               | 1,684,408  |
| <u>Statutory Local Taxes</u>                             |                 |                       |            |                 |            |
| Interstate Telecommunications Tax                        | -               | -                     | -          | -               | 708        |
| <u>County Licenses and Permits</u>                       |                 |                       |            |                 |            |
| Marriage Licenses  | -               | -                     | -          | -               | 543        |
| <u>Federal Payments in Lieu of Tax</u>                   |                 |                       |            |                 |            |
| Housing Authority Payment in Lieu of Tax                 | -               | -                     | -          | -               | 7,904      |
| TVA Payments in Lieu of Tax                              | -               | -                     | -          | -               | 117,084    |
| <u>State Education Funds</u>                             |                 |                       |            |                 |            |
| Basic Education Program                                  | -               | -                     | -          | -               | 6,060,000  |
| Early Childhood Education                                | -               | -                     | -          | -               | 277,456    |
| School Food Service                                      | -               | -                     | -          | -               | 7,828      |
| <u>Intergovernmental (Cont.)</u>                         |                 |                       |            |                 |            |
| <u>State Education Funds (Cont.)</u>                     |                 |                       |            |                 |            |
| Other State Education Funds                              | -               | -                     | -          | -               | 215,586    |
| Career Ladder Program                                    | -               | -                     | -          | -               | 56,320     |
| Career Ladder Extended Contracts                         | -               | -                     | -          | -               | 21,445     |
| <u>Other State Revenues</u>                              |                 |                       |            |                 |            |
| State Sales Tax  | -               | -                     | -          | -               | 766,081    |
| State Income Tax   | -               | -                     | -          | -               | 112,565    |
| State Beer Tax   | -               | -                     | -          | -               | 4,831      |

City of Manchester, Tennessee  
Schedule of Detailed Revenues  
For the Year Ended June 30, 2015

|   | Debt<br>Service | Community<br>Policing | Sanitation     | Drug<br>Control | Total             |
|---|-----------------|-----------------------|----------------|-----------------|-------------------|
| <u>Intergovernmental (Cont.)</u>                  |                 |                       |                |                 |                   |
| <u>Other State Revenues (Cont.)</u>               |                 |                       |                |                 |                   |
| State Mix Drink Tax                               | -               | -                     | -              | -               | 38,187            |
| Alcoholic Beverage Tax                            | -               | -                     | -              | -               | 1,101             |
| State Gas and Motor Fuel Tax                      | -               | -                     | -              | -               | 182,859           |
| State City Streets & Transport                    | -               | -                     | -              | -               | 20,608            |
| State 3% Gas Tax                                  | -               | -                     | -              | -               | 83,852            |
| Corporate Excise Tax                              | -               | -                     | -              | -               | 113,905           |
| State Hwy Maintenance Contract                    | -               | -                     | -              | -               | 75,230            |
| Local Parks and Recreation Fund Grant             | -               | -                     | -              | -               | 95,912            |
| Diabetes Grant B Revenue                          | -               | -                     | -              | -               | 15,000            |
| Diabetes Grant A Revenue                          | -               | -                     | -              | -               | 149,973           |
| Other State Grants                                | -               | -                     | -              | -               | 35,901            |
| <u>Federal Government Thru State of Tennessee</u> |                 |                       |                |                 |                   |
| USDA School Lunch Program                         | -               | -                     | -              | -               | 337,818           |
| USDA - Commodities                                | -               | -                     | -              | -               | 39,999            |
| Breakfast   | -               | -                     | -              | -               | 151,731           |
| Title I Grants to Local Education Agencies        | -               | -                     | -              | -               | 440,283           |
| Special Education - Grants to States              | -               | -                     | -              | -               | 455,944           |
| Special Education Preschool Grants                | -               | -                     | -              | -               | 43,386            |
| English Language Acquisition Grants               | -               | -                     | -              | -               | 9,497             |
| Rural Education                                   | -               | -                     | -              | -               | 28,857            |
| Eisenhower Professional Development State Grants  | -               | -                     | -              | -               | 42,020            |
| Community Development Block Grant                 | -               | -                     | -              | -               | 39,313            |
| Highway Planning and Construction Grants          | -               | -                     | -              | -               | 581,935           |
| Other Federal Thru State of Tennessee             | -               | -                     | -              | -               | 28,924            |
| <u>Direct Federal Revenue</u>                     |                 |                       |                |                 |                   |
| Other Direct Federal Revenue                      | -               | -                     | -              | -               | 503,969           |
| <u>Grants or Contracts - Local Governments</u>    |                 |                       |                |                 |                   |
| Industrial Park Allocations for Fire Department   | -               | -                     | -              | -               | 10,000            |
| Industrial Park Allocation                        | -               | -                     | -              | -               | 57,600            |
| Total Intergovernmental                           | \$ -            | \$ -                  | \$ -           | \$ -            | \$ 15,295,756     |
| <br>Total   | <br>\$ 39,272   | <br>\$ 29,868         | <br>\$ 986,443 | <br>\$ 221,057  | <br>\$ 29,034,888 |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2015

General Fund  
General Government

City Court

|                  |           |           |
|------------------|-----------|-----------|
| Legal Services   | \$ 12,000 |           |
| Total City Court |           | \$ 12,000 |

Board of Mayor and Aldermen

|                                    |            |         |
|------------------------------------|------------|---------|
| Regular Employee Salaries          | \$ 107,095 |         |
| OASI Employers Share               | 7,927      |         |
| Employee Health Insurance          | 44,785     |         |
| Retirement - ING                   | 5,563      |         |
| Employee Dental Insurance          | 1,790      |         |
| Employee Life Insurance            | 201        |         |
| Unemployment Insurance             | 103        |         |
| Education/Training                 | 5,906      |         |
| Election Officials and C           | 1,724      |         |
| Postage                            | 331        |         |
| Postage/Off Supplies - HIS         | 20         |         |
| Printing, Duplicating, Typing      | 954        |         |
| Publication and Legal Notices      | 3,536      |         |
| Subscription Newspaper/Period      | 464        |         |
| Public Relations                   | 13,097     |         |
| Dues and Subscription              | 3,615      |         |
| Telephone                          | 8,498      |         |
| Legal Services                     | 86,108     |         |
| Architectural/Engineering          | 9,771      |         |
| Christmas Parade Expense           | 3,621      |         |
| Repairs & Maintenance - Vehicles   | 16         |         |
| Office Supplies                    | 967        |         |
| Small Item of Equipment            | 1,452      |         |
| Clothing & Uniform                 | 202        |         |
| Gas, Oil, Grease, and Auto Repairs | 1,277      |         |
| Meeting Expense                    | 888        |         |
| Machinery & Equipment - Copier     | 1,299      |         |
| Total Board of Mayor & Alderman    |            | 311,210 |

Financial Administration

|                           |            |
|---------------------------|------------|
| Regular Employee Salaries | \$ 201,962 |
| Salaries - Overtime       | 1,032      |
| OASI Employers Share      | 15,542     |
| Retirement - TCRS         | 46,024     |
| Retirement - ING          | 2,878      |
| Employee Dental Insurance | 1,548      |
| Employee Life Insurance   | 289        |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Financial Administration (Cont.)

|                                     |        |         |
|-------------------------------------|--------|---------|
| Unemployment Insurance              | 316    |         |
| Education/Training                  | 6,751  |         |
| Postage                             | 3,262  |         |
| Printing, Duplicating, Typing       | 2,924  |         |
| Publication and Legal Notices       | 1,032  |         |
| Dues and Subscription               | 420    |         |
| Telephone and Telegraph             | 478    |         |
| Accounting/Auditing Services        | 22,791 |         |
| Data Processing Support             | 16,476 |         |
| Vehicle Maintenance                 | 16     |         |
| Office Supplies                     | 4,735  |         |
| Small Items of Equipment            | 956    |         |
| Gas, Oil, Diesel, and Fuel          | 23     |         |
| Meeting Expense                     | 138    |         |
| Professional Liability/Surety Bonds | 1,089  |         |
| Total Financial Administration      |        | 330,682 |

Information Systems

|                                  |           |        |
|----------------------------------|-----------|--------|
| Regular Employee Salaries        | \$ 67,263 |        |
| OASI Employers Share             | 5,327     |        |
| Employee Health Insurance        | 7,786     |        |
| Retirement - TCRS                | 3,564     |        |
| Employee Dental Insurance        | 327       |        |
| Employee Life Insurance          | 106       |        |
| Unemployment Insurance           | 76        |        |
| Education/Training               | 6,790     |        |
| Printing, Duplicating, Typing    | 51        |        |
| Telephone                        | 1,276     |        |
| Data Processing Support          | 140       |        |
| Repairs & Maintenance - Computer | 105       |        |
| Small Items of Equipment         | 116       |        |
| Clothing & Uniforms              | 181       |        |
| Total Information Systems        |           | 93,108 |

Planning and Zoning

|                           |            |
|---------------------------|------------|
| Regular Employee Salaries | \$ 170,951 |
| OASI Employers Share      | 13,237     |
| Employee Health Insurance | 39,012     |
| Retirement - TCRS         | 8,937      |
| Employee Dental Insurance | 1,982      |
| Employee Life Insurance   | 292        |
| Unemployment Insurance    | 212        |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government (Cont.)

Planning and Zoning (Cont.)

|                                    |        |         |
|------------------------------------|--------|---------|
| Education/Training                 | 1,144  |         |
| Postage                            | 88     |         |
| Printing, Duplication, Typing      | 175    |         |
| Publication and Legal Notices      | 801    |         |
| Manuals and Code Updates           | 1,057  |         |
| Dues and Subscriptions             | 3,524  |         |
| Telephone and Telegraph            | 1,894  |         |
| Other Professional Service         | 18,987 |         |
| Repairs and Maintenance - Vehicles | 612    |         |
| Office Supplies                    | 665    |         |
| Clothing and Uniforms              | 129    |         |
| Gas, Oil, Diesel, Fuel, Grease     | 2,128  |         |
| Tires, Tubes Etc.                  | 364    |         |
| Meeting Expense                    | 107    |         |
| City Cemetery Expense              | 3,217  |         |
| Machinery & Equipment - Copier     | 692    |         |
| Total Planning & Zoning            |        | 270,207 |

General Government & Buildings

|                                |         |
|--------------------------------|---------|
| Retirement Expense             | \$ 25   |
| Other Employee Benefits        | 66,124  |
| Radio and Cable Services       | 1,803   |
| Electric                       | 50,587  |
| Water                          | 7,062   |
| Gas                            | 18,661  |
| Telephone and Telegraph        | 42,789  |
| Medical Services               | 7,620   |
| Other Professional Service     | 11,553  |
| Repair & Maintenance Buildings | 22,073  |
| Janitorial Services            | 25,380  |
| Office Supplies                | 1,162   |
| Household & Janitorial         | 2,010   |
| General Liability              | 135,926 |
| Workers Compensation Ins       | 193,669 |
| Building Insurance             | 5,630   |
| Machinery/Equip-Computer       | 6,708   |
| Machinery/Equip-Stamp Machine  | 1,644   |
| Machinery & Equip - Copier     | 753     |
| CDBG Grant (Drainage) Expense  | 44,184  |
| Spring House Repairs           | 6,500   |
| Westwood Grant Expenses        | 120,409 |
| Additions to Fixed Asset       | 76,630  |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

General Government & Buildings (Cont.)

|                                      |         |
|--------------------------------------|---------|
| Total General Government & Buildings | 848,902 |
|--------------------------------------|---------|

|                          |              |
|--------------------------|--------------|
| Total General Government | \$ 1,866,109 |
|--------------------------|--------------|

Public Safety

Police Department

|                                      |              |  |
|--------------------------------------|--------------|--|
| Regular Employee Salaries            | \$ 1,575,363 |  |
| Salaries - Overtime                  | 71,697       |  |
| Holiday                              | 56,471       |  |
| OASI Employers Share                 | 130,221      |  |
| Employee Health Insurance            | 418,553      |  |
| Retirement - TCRS                    | 56,040       |  |
| Retirement - ING                     | 38,324       |  |
| Employee Dental Insurance            | 20,527       |  |
| Employee Life Insurance              | 3,015        |  |
| Unemployment Insurance               | 2,285        |  |
| Ed. & Train. SWAT Team               | 2,708        |  |
| Education/Training                   | 15,316       |  |
| Postage                              | 509          |  |
| Automobile Licenses & Titles         | 129          |  |
| Radio Cable Services                 | 1,366        |  |
| Printing, Duplicating, Typing        | 395          |  |
| Publication and Legal Notices        | 619          |  |
| Dues and Subscription                | 976          |  |
| Telephone and Telegraph              | 8,568        |  |
| Information System Support           | 10,717       |  |
| Repair & Maintenance - Motor Vehicle | 28,975       |  |
| Repair and Maintenance - Comp Equip  | 129          |  |
| Other Rep & Maintenance Service      | 438          |  |
| SOR Police Miscellaneous             | 220          |  |
| Office Supplies - Court              | 3,084        |  |
| Office Supplies                      | 5,437        |  |
| Small Items of Equipment             | 19,390       |  |
| Trustee Expenses                     | 1,029        |  |
| Clothing and Uniforms                | 7,368        |  |
| Fire Arm Supplies                    | 2,872        |  |
| Gas, Oil, Diesel, Fuel, Grease       | 72,723       |  |
| Tires, Tubes, Etc.                   | 3,210        |  |
| Machinery & Equip - Copier           | 524          |  |
| Computer Equipment and Supplies      | 26,959       |  |
| Total Police Department              | \$ 2,586,157 |  |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Safety (Cont.)

Fire Department

|                                      |              |                  |
|--------------------------------------|--------------|------------------|
| Regular Employee Salaries            | \$ 1,085,255 |                  |
| Salaries - Overtime                  | 53,819       |                  |
| Holiday                              | 45,613       |                  |
| OASI Employers Share                 | 90,719       |                  |
| Employers Health Insurance           | 339,082      |                  |
| Retirement - TCRS                    | 51,079       |                  |
| Retirement - ING                     | 12,433       |                  |
| Employee Dental Insurance            | 16,894       |                  |
| Employee Life Insurance              | 1,030        |                  |
| Unemployment Insurance               | 1,895        |                  |
| Education/Training                   | 5,609        |                  |
| Postage                              | 22           |                  |
| Radio and Cable Services             | 3,421        |                  |
| Calendar Expense                     | 100          |                  |
| Publication and Legal Notices        | 621          |                  |
| Public Relations                     | 561          |                  |
| Dues Subscriptions                   | 1,038        |                  |
| Telephone and Telegraph              | 4,199        |                  |
| Repair & Maintenance - Motor Vehicle | 9,914        |                  |
| Repairs & Maintenance - (HVAC)       | 3,250        |                  |
| Repairs & Maintenance - Buildings    | 7,963        |                  |
| Other Repairs & Maintenance          | 1,141        |                  |
| Volunteer Firemen                    | 11,201       |                  |
| Office Supplies                      | 449          |                  |
| Small Items of Equipment             | 12,306       |                  |
| Household & Janitorial Supplies      | 2,073        |                  |
| PPE Turnout Gear                     | 35,704       |                  |
| Clothing and Uniforms                | 7,755        |                  |
| Educational Supplies                 | 924          |                  |
| Other Operation Supplies             | 1,417        |                  |
| Gas, Oil, Diesel, Fuel, Grease       | 15,639       |                  |
| Tires, Tubes, Etc.                   | 3,803        |                  |
| Safety Supplies                      | 450          |                  |
| Machinery & Equip - Copiers          | 437          |                  |
| Inspection/Testing                   | 8,211        |                  |
| Additions to Fixed Asset             | 24,945       |                  |
| Total Fire Department                |              | <u>1,860,972</u> |

|                     |           |
|---------------------|-----------|
| Total Public Safety | 4,447,129 |
|---------------------|-----------|



City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Works

Public Works Department

|   |            |
|---|------------|
| Regular Employee Salaries               | \$ 600,030 |
| Salaries - Overtime                     | 23,354     |
| OASI Employers Share                    | 45,690     |
| Employee Health Insurance               | 201,638    |
| Retirement - TCRS                       | 18,187     |
| Retirement - ING                        | 13,058     |
| Employee Dental Insurance               | 9,999      |
| Employee Life Insurance                 | 1,310      |
| Unemployment Insurance                  | 1,025      |
| Education/Training/Travel               | 1,228      |
| Postage                                 | 403        |
| Automobile License & Titles             | 36         |
| Radio and Cable Services                | 3,671      |
| Public and Legal Notices                | 931        |
| Dues and Subscription                   | 169        |
| Water                                   | 2,462      |
| Telephone and Telegraph                 | 10,017     |
| Street Lighting                         | 228,242    |
| Veterinary and Animal Expense           | 471        |
| Other Professional Services             | 2,319      |
| Repair & Maintenance - Vehicle          | 13,849     |
| Repairs & Maintenance - Other Machinery | 8,381      |
| Repair & Maintenance Traffic Lights     | 12,550     |
| Repair and Maintenance Buildings        | 7,232      |
| Repair & Maintenance - Road/Streets     | 4,620      |
| Office Supplies                         | 2,572      |
| Small Items of Equipment                | 10,404     |
| Chemical, Lab & Med Supplies            | 9,603      |
| Trustee Expenses                        | 13,394     |
| Household & Janitorial Supplies         | 3,407      |
| Clothing and Uniforms                   | 510        |
| Gas, Oil, Diesel, Fuel, Grease          | 43,812     |
| Tires, Tubes, Etc.                      | 6,840      |
| Sign Parts and Supplies                 | 15,761     |
| Salt Purchases                          | 7,899      |
| Safety Supplies                         | 798        |
| Crushed Stone                           | 6,245      |
| Tile & Pipe                             | 8,329      |
| Asphalt and Asphalt Fill                | 10,735     |
| Machine and Equipment Copier            | 8          |
| Roads & Streets                         | 218,153    |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Public Works (Cont.)

Public Works Department (Cont.)

|                               |        |                     |
|-------------------------------|--------|---------------------|
| Roads & Streets - Stripping   | 24,943 |                     |
| Other Machinery & Equipment   | 3,249  |                     |
| Capital Repairs - Street      | 18,648 |                     |
| Total Public Works Department |        | <u>\$ 1,616,182</u> |

Total Public Works 1,616,182

Health, Welfare, Culture and Recreation

Contributions to Other Agencies

|   |           |                   |
|---|-----------|-------------------|
| Vocational Training Center              | \$ 11,000 |                   |
| Manchester Child Care                   | 2,500     |                   |
| South Central Human Resource Agency     | 1,616     |                   |
| Manchester Library                      | 12,000    |                   |
| Coffee County Senior Center             | 1,250     |                   |
| Manchester Senior Center                | 1,250     |                   |
| Keep Coffee County Beautiful            | 1,000     |                   |
| Manchester/Coffee Co. Conference Center | 90,215    |                   |
| Children's Advocacy Center              | 6,500     |                   |
| TN's Backroads Heritage                 | 1,000     |                   |
| South Central TN Dev District           | 2,118     |                   |
| Chamber of Commerce                     | 12,500    |                   |
| Total Contributions to Other Agencies   |           | <u>\$ 142,949</u> |

Total Health, Welfare, Culture and Recreation 142,949

Total General Fund \$ 8,072,369

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Recreation Fund

Health, Welfare, Culture and Recreation

Recreation Administration

|                                 |    |         |            |
|---------------------------------|----|---------|------------|
| Regular Employee Salaries       | \$ | 143,801 |            |
| Salaries - Overtime             |    | 289     |            |
| OASI Employers Share            |    | 10,783  |            |
| Employee Health Insurance       |    | 40,861  |            |
| Retirement TCRS                 |    | 3,447   |            |
| Retirement ING                  |    | 2,639   |            |
| Employee Dental Insurance       |    | 2,218   |            |
| Employee Life Insurance         |    | 247     |            |
| Unemployment Insurance          |    | 154     |            |
| Education/Training              |    | 2,262   |            |
| Postage                         |    | 787     |            |
| Printing, Duplication And       |    | 985     |            |
| Dues and Subscriptions          |    | 782     |            |
| Office Supplies & Materials     |    | 1,425   |            |
| Total Recreation Administration |    |         | \$ 210,680 |

Recreation Centers

|                                |    |         |
|--------------------------------|----|---------|
| Regular Employee Salaries      | \$ | 167,270 |
| Salaries - Overtime            |    | 3,166   |
| Wages - Permanent/Regular      |    | 249,530 |
| OASI Employers Share           |    | 33,469  |
| Employee Health Insurance      |    | 56,366  |
| Retirement - TCRS              |    | 6,661   |
| Retirement - ING               |    | 758     |
| Employee Dental Insurance      |    | 2,913   |
| Employee Life Insurance        |    | 408     |
| Workers Compensation Ins       |    | 8,608   |
| Unemployment Insurance         |    | 2,007   |
| Education/Training             |    | 2,561   |
| Radio and Cable Services       |    | 1,426   |
| Electric                       |    | 267,675 |
| Water                          |    | 25,182  |
| Gas                            |    | 69,872  |
| Telephone                      |    | 4,052   |
| Data Processing Support        |    | 7,951   |
| Repair & Maintenance - Vehicle |    | 1,640   |
| Repair & Maintenance O         |    | 39,024  |
| Repair & Maintenance - O       |    | 642     |
| Repair & Maintenance - G       |    | 694     |
| Repair & Maintenance - B       |    | 22,197  |
| Contracted Recreation Services |    | 1,002   |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Recreation Fund (Cont.)

Health, Welfare, Culture and Recreation (Cont.)

Recreation Centers (Cont.)

|                                  |         |           |
|----------------------------------|---------|-----------|
| Program Equipment                | 436     |           |
| Chemical and Medical Supplies    | 24,581  |           |
| Food - Program Meals             | 605     |           |
| Food Concessions                 | 46,467  |           |
| Recreation Supplies              | 15,557  |           |
| Uniforms                         | 2,239   |           |
| Diabetes Grant B Expense         | 12,278  |           |
| Diabetes Grant A - Expense       | 151,355 |           |
| Operating Supplies               | 5       |           |
| Community Foundation Grant       | 1,300   |           |
| Gas, Oil, Diesel, Fuel, & Grease | 859     |           |
| General Liability                | 19,872  |           |
| Machinery & Equip Rental         | 881     |           |
| Machinery/Equip Copier           | 3,792   |           |
| General Purpose Equipment        | 12,320  |           |
| Capital Repairs - Building       | 22,957  |           |
| Additions to Capital Assets      | 80,942  |           |
| Total 44420 · Recreation Centers |         | 1,371,520 |

Park Areas

|                                  |           |
|----------------------------------|-----------|
| Regular Employee Salaries        | \$ 54,300 |
| Salaries - Overtime              | 1,516     |
| Wages - Permeant/Regular         | 92,676    |
| OASI Employer Share              | 12,092    |
| Employee Health Insurance        | 22,475    |
| Retirement - TCRS                | 2,926     |
| Employee Dental Insurance        | 950       |
| Employee Life Insurance          | 163       |
| Workers Compensation Ins         | 2,268     |
| Unemployment Insurance           | 604       |
| Publication and Legal Notices    | 2,854     |
| Electric                         | 27,097    |
| Water                            | 22,946    |
| Gas                              | 2,583     |
| Telephone                        | 1,725     |
| Other Prof. Services - Fireworks | 10,150    |
| Repairs & Maintenance - Vehicle  | 1,931     |
| Repair & Maintenance - O         | 9,201     |
| Repair & Maintenance - G         | 25,291    |
| Repair & Maintenance - B         | 7,197     |
| Contracted Recreational          | 2,727     |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Recreation Fund (Cont.)

Health, Welfare, Culture and Recreation (Cont.)

Park Areas (Cont.)

|                                      |        |         |
|--------------------------------------|--------|---------|
| Food Concessions                     | 48,441 |         |
| Janitorial Supplies                  | 29,406 |         |
| Recreation Supplies                  | 7,571  |         |
| Recreation Uniforms                  | 1,128  |         |
| Gas, Oil, Diesel Fuel                | 5,835  |         |
| Tire and Tube                        | 26     |         |
| General Liability - Parks            | 5,605  |         |
| Machinery & Equip Rental             | 143    |         |
| Repair & Maintenance - Ground        | 9,950  |         |
| Add. to Fixed Asset - Soccer Complex | 56,872 |         |
| Additions to Fixed Asset             | 85,205 |         |
| Total Park Areas                     |        | 553,854 |

Total Recreation Fund \$ 2,136,054

Tourism and Community Development Fund

Economic Development and Assistance

Tourism and Community Development

|  |         |            |
|--|---------|------------|
| Travel                                   | \$ 703  |            |
| Local Activity Support                   | 16,191  |            |
| Brochures, Flyers, and Ads               | 7,305   |            |
| Manchester Chamber - Tourism Development | 21,000  |            |
| Public Relations                         | 3,495   |            |
| South Central TN Tourism                 | 400     |            |
| Christmas Lighting and Banners           | 6,047   |            |
| Other Operation Supplies                 | 150     |            |
| Downtown Renovation Project              | 566,256 |            |
| Total Tourism and Community Development  |         | \$ 621,547 |

Total Tourism and Community Development Fund \$ 621,547

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund

Education

Instruction

Regular Instruction Program

|                                   |              |              |
|-----------------------------------|--------------|--------------|
| Teachers                          | \$ 4,587,466 |              |
| Career Ladder Program             | 25,426       |              |
| Career Ladder Extended Contract   | 10,000       |              |
| Clerical Personnel                | 151,232      |              |
| Aides                             | 236,983      |              |
| Bonus Payments                    | 16,565       |              |
| Certified Substitute Teachers     | 56,307       |              |
| Non-certified Substitute Teachers | 64,523       |              |
| Social Security                   | 303,507      |              |
| State Retirement                  | 412,266      |              |
| Life Insurance                    | 2,998        |              |
| Medical Insurance                 | 838,446      |              |
| Dental Insurance                  | 41,475       |              |
| Unemployment Compensation         | 6,936        |              |
| Local Retirement                  | 14,822       |              |
| Employer Medicare Liability       | 71,137       |              |
| Other Fringe Benefits             | 42,959       |              |
| Maintenance and Repair Services   | 6,587        |              |
| Other Contracted Services         | 208,014      |              |
| Instructional Supplies            | 70,801       |              |
| Textbooks                         | 85,602       |              |
| Other Supplies and Material       | 10,224       |              |
| Other Charges                     | 12           |              |
| Regular Instruction Equipment     | 65,094       |              |
| Total Regular Instruction Program |              | \$ 7,329,382 |

Alternative Instruction Program

|                                       |           |        |
|---------------------------------------|-----------|--------|
| Teachers                              | \$ 46,632 |        |
| Social Security                       | 2,891     |        |
| State Retirement                      | 4,216     |        |
| Life Insurance                        | 35        |        |
| Medical Insurance                     | 6,649     |        |
| Dental Insurance                      | 428       |        |
| Unemployment Compensation             | 42        |        |
| Employer Medicare Liability           | 676       |        |
| Other Fringe Benefits                 | 369       |        |
| Total Alternative Instruction Program |           | 61,938 |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Instruction (Cont.)

Special Education

|                                 |            |           |
|---------------------------------|------------|-----------|
| Teachers                        | \$ 657,452 |           |
| Career Ladder Program           | 7,000      |           |
| Career Ladder Extended Contract | 400        |           |
| Aides                           | 181,725    |           |
| Speech Pathologist              | 137,662    |           |
| Other Salaries & Wages          | 30,781     |           |
| Social Security                 | 59,219     |           |
| State Retirement                | 76,719     |           |
| Life Insurance                  | 916        |           |
| Medical Insurance               | 231,768    |           |
| Dental Insurance                | 10,905     |           |
| Unemployment Compensation       | 1,750      |           |
| Local Retirement                | 6,314      |           |
| Employer Medicare Liability     | 13,850     |           |
| Other Fringe Benefits           | 7,922      |           |
| Other Contracted Services       | 47,669     |           |
| Instructional Supplies          | 4,573      |           |
| Other Supplies and Material     | 587        |           |
| Other Charges                   | 154        |           |
| Special Education Equipment     | 489        |           |
| Total Special Education         |            | 1,477,855 |

Student Body Education Program

|                                      |           |        |
|--------------------------------------|-----------|--------|
| 499 Other Supplies and Material      | \$ 17,000 |        |
| 599 Other Charges                    | 2,501     |        |
| Total Student Body Education Program |           | 19,501 |

Support Services

Attendance

|                             |           |  |
|-----------------------------|-----------|--|
| Supervisor/Director         | \$ 73,582 |  |
| Social Security             | 4,298     |  |
| State Retirement            | 6,652     |  |
| Life Insurance              | 36        |  |
| Medical Insurance           | 8,386     |  |
| Dental Insurance            | 437       |  |
| Unemployment                | 53        |  |
| Employer Medicare Liability | 1,005     |  |
| Other Fringe Benefits       | 500       |  |
| Travel                      | 1,974     |  |
| Other Contracted Services   | 523       |  |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Attendance (Cont.)

|                              |       |         |
|------------------------------|-------|---------|
| In-Service/Staff Development | 2,129 |         |
| Administration Equipment     | 1,945 |         |
| Total Attendance             |       | 101,520 |

Health Services

|                              |            |         |
|------------------------------|------------|---------|
| Medical Personnel            | \$ 123,450 |         |
| Social Security              | 7,161      |         |
| State Retirement             | 4,185      |         |
| Life Insurance               | 108        |         |
| Medical Insurance            | 18,672     |         |
| Dental Insurance             | 1,312      |         |
| Unemployment                 | 162        |         |
| Local Retirement             | 3,040      |         |
| Employer Medicare Liability  | 1,675      |         |
| Other Supplies & Materials   | 1,288      |         |
| In-Service/Staff Development | 489        |         |
| Total Health Services        |            | 161,542 |

Other Student Support

|                                 |          |         |
|---------------------------------|----------|---------|
| Career Ladder Program           | \$ 4,083 |         |
| Guidance Personnel              | 162,273  |         |
| Career Ladder Extended Contract | 4,000    |         |
| Pupil Personnel                 | 6,237    |         |
| Social Security                 | 10,171   |         |
| State Retirement                | 15,964   |         |
| Life Insurance                  | 111      |         |
| Medical Insurance               | 28,040   |         |
| Dental Insurance                | 1,348    |         |
| Unemployment Compensation       | 216      |         |
| Employer Medicare Liability     | 2,379    |         |
| Other Fringe Benefits           | 1,500    |         |
| Evaluation and Testing          | 1,167    |         |
| Other Supplies and Material     | 146      |         |
| Total Other Student Support     |          | 237,635 |

Regular Instruction Program

|                       |            |
|-----------------------|------------|
| Supervisor/Director   | \$ 195,160 |
| Career Ladder Program | 1,000      |
| Librarians            | 148,223    |
| Social Security       | 19,519     |



City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

|                                   |        |         |
|-----------------------------------|--------|---------|
| State Retirement                  | 28,775 |         |
| Life Insurance                    | 236    |         |
| Medical Insurance                 | 96,391 |         |
| Dental Insurance                  | 2,867  |         |
| Unemployment Compensation         | 384    |         |
| Employer Medicare Liability       | 4,565  |         |
| Other Fringe Benefits             | 2,734  |         |
| Travel                            | 3,236  |         |
| Other Contracted Services         | 2,100  |         |
| Library Books/Media               | 8,881  |         |
| Other Supplies and Material       | 3,098  |         |
| In-Service/Staff Development      | 41,538 |         |
| Other Charges                     | 173    |         |
| Other Equipment                   | 2,120  |         |
| Total Regular Instruction Program |        | 561,000 |

Special Education Program

|                                 |           |         |
|---------------------------------|-----------|---------|
| Supervisor/Director             | \$ 64,769 |         |
| Career Ladder Program           | 5,000     |         |
| Psychological Personnel         | 52,711    |         |
| Assessment Personnel            | 60,690    |         |
| Clerical Personnel              | 25,732    |         |
| Social Security                 | 12,670    |         |
| State Retirement                | 17,209    |         |
| Life Insurance                  | 108       |         |
| Medical Insurance               | 27,143    |         |
| Dental Insurance                | 1,312     |         |
| Unemployment Compensation       | 189       |         |
| Local Retirement                | 1,801     |         |
| Employer Medicare Liability     | 2,963     |         |
| Other Fringe Benefits           | 1,500     |         |
| Communication                   | 1,052     |         |
| Maintenance and Repair Services | 305       |         |
| Travel                          | 1,354     |         |
| Other Supplies and Material     | 491       |         |
| In-Service/Staff Development    | 795       |         |
| Total Special Education Program |           | 277,794 |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Board of Education

|  |        |         |
|--|--------|---------|
| Secretary to Board                             | 1,406  |         |
| Social Security                                | 87     |         |
| Life Insurance                                 | 1      |         |
| Medical Insurance                              | 179    |         |
| Dental Insurance                               | 12     |         |
| Unemployment Compensation                      | 1      |         |
| Local Retirement                               | 98     |         |
| Employer Medicare Liability                    | 20     |         |
| Advertising                                    | 184    |         |
| Audit Services                                 | 17,100 |         |
| Dues and Memberships                           | 8,797  |         |
| Legal Services                                 | 48,952 |         |
| Legal Notices Recording                        | 284    |         |
| Rentals  | 46,242 |         |
| Travel   | 12,482 |         |
| Other Contracted Services                      | 2,625  |         |
| Uniforms                                       | 27     |         |
| Liability Insurance                            | 14,297 |         |
| Premiums on Corporate Surety Bonds             | 733    |         |
| Trustee's Commission                           | 58,020 |         |
| Worker's Compensation Insurance                | 72,270 |         |
| In-Service /Staff Development                  | 8,741  |         |
| Refund to Applicant for Criminal Investigation | 294    |         |
| Other Charges                                  | 11,837 |         |
| Total Board of Education                       |        | 304,689 |

Office of the Superintendent

|  |           |
|--|-----------|
| County Official/Administrative Officer | \$ 77,852 |
| Secretary                              | 51,815    |
| Social Security                        | 7,807     |
| State Retirement                       | 8,124     |
| Life Insurance                         | 62        |
| Medical Insurance                      | 13,385    |
| Dental Insurance                       | 754       |
| Unemployment                           | 107       |
| Local Retirement                       | 3,627     |
| Employer Medicare Liability            | 2,001     |
| Other Fringe Benefits                  | 12,361    |
| Communication                          | 10,229    |
| Dues and Memberships                   | 4,769     |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Office of the Superintendent (Cont.)

|                                    |       |         |
|------------------------------------|-------|---------|
| Postal Charges                     | 3,147 |         |
| Travel                             | 4,638 |         |
| Other Contracted Services          | 6,243 |         |
| Office Supplies                    | 3,180 |         |
| Periodicals                        | 387   |         |
| In-Service/Staff Development       | 499   |         |
| Other Charges                      | 10    |         |
| Administration Equipment           | 400   |         |
| Total Office of the Superintendent |       | 211,397 |

Office of the Principal

|                               |            |         |
|-------------------------------|------------|---------|
| Principals                    | \$ 226,648 |         |
| Career Ladder Program         | 5,000      |         |
| Career Ladder Extended        | 4,000      |         |
| Assistant Principal           | 174,619    |         |
| Secretary                     | 106,989    |         |
| Social Security               | 30,232     |         |
| State Retirement              | 38,896     |         |
| Life Insurance                | 325        |         |
| Medical Insurance             | 85,530     |         |
| Dental Insurance              | 3,947      |         |
| Unemployment Compensation     | 489        |         |
| Local Retirement              | 5,070      |         |
| Employer Medicare Liability   | 7,070      |         |
| Other Fringe Benefits         | 3,016      |         |
| Communication                 | 8,639      |         |
| Data Processing               | 2,284      |         |
| Postal Services               | 343        |         |
| Travel                        | 1,806      |         |
| Other Contracted Services     | 525        |         |
| Office Supplies               | 1,573      |         |
| In-Service/Staff Development  | 460        |         |
| Other Charges                 | 137        |         |
| Total Office of the Principal |            | 707,598 |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Fiscal Services

|                              |            |         |
|------------------------------|------------|---------|
| Accountant/Bookkeepers       | \$ 101,889 |         |
| Purchasing Personnel         | 81,093     |         |
| Other Salaries & Wages       | 107,674    |         |
| Social Security              | 17,298     |         |
| State Retirement             | 6,144      |         |
| Life Insurance               | 161        |         |
| Medical Insurance            | 31,416     |         |
| Dental Insurance             | 1,996      |         |
| Unemployment Compensation    | 268        |         |
| Local Retirement             | 12,974     |         |
| Employer Medicare Liability  | 4,045      |         |
| Other Fringe benefits        | 693        |         |
| Data Processing              | 7,714      |         |
| Travel                       | 4,785      |         |
| Data Processing Supplies     | 1,393      |         |
| Other Supplies & Materials   | 1,051      |         |
| In-Service/Staff Development | 1,714      |         |
| Other Charges                | 1,614      |         |
| Administration Equipment     | 4,195      |         |
| Total Fiscal Services        |            | 388,117 |

Operation of Plant

|  |            |
|--|------------|
| Custodial Personnel                        | \$ 238,258 |
| Social Security                            | 14,030     |
| State Retirement                           | 6,331      |
| Life Insurance                             | 288        |
| Medical Insurance                          | 63,081     |
| Dental Insurance                           | 3,498      |
| Unemployment Compensation                  | 437        |
| Local Retirement                           | 6,202      |
| Employer Medicare Liability                | 3,281      |
| Laundry Service                            | 9,263      |
| Maintenance and Repair Services - Equipmen | 262        |
| Disposal Services                          | 20,906     |
| Custodial Services                         | 23,963     |
| Electricity                                | 322,313    |
| Natural Gas                                | 20,396     |
| Uniforms                                   | 1,907      |
| Water and Sewer                            | 27,871     |
| Other Supplies and Material                | 322        |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

|                                 |        |         |
|---------------------------------|--------|---------|
| Boiler Insurance                | 2,346  |         |
| Building and Contents Insurance | 42,741 |         |
| Other Charges                   | 15,426 |         |
| Plant Operation Equipment       | 9,891  |         |
| Total Operation of Plant        |        | 833,013 |

Maintenance of the Plant

|   |            |         |
|---|------------|---------|
| Maintenance Personnel                       | \$ 178,207 |         |
| Social Security                             | 10,307     |         |
| State Retirement                            | 9,320      |         |
| Life Insurance                              | 165        |         |
| Medical Insurance                           | 40,387     |         |
| Dental Insurance                            | 2,004      |         |
| Unemployment compensation                   | 267        |         |
| Employer Medicare Liability                 | 2,410      |         |
| Communication                               | 1,761      |         |
| Maintenance and Repair Services - Buildings | 121,436    |         |
| Maintenance and Repair Services - Equipmen  | 16,357     |         |
| Maintenance and Repair Services - Vehicles  | 4,584      |         |
| Other Contracted Services                   | 1,064      |         |
| Gasoline                                    | 4,525      |         |
| General Construction Materials              | 5,727      |         |
| Uniforms                                    | 1,240      |         |
| Other Supplies & Materials                  | 8,579      |         |
| Vehicle & Equipment Insurance               | 2,500      |         |
| In-Service/Staff Development                | 150        |         |
| Other Charges                               | 580        |         |
| Total Maintenance of the Plant              |            | 411,570 |

Transportation

|  |          |        |
|--|----------|--------|
| Bus Drivers                                | \$ 5,101 |        |
| Social Security                            | 232      |        |
| State Retirement                           | 190      |        |
| Unemployment Compensation                  | 12       |        |
| Employer Medicare Liability                | 74       |        |
| Maintenance and Repair Services - Equipmen | 8,012    |        |
| Other Contracted Services                  | 1,000    |        |
| Diesel Fuel                                | 6,431    |        |
| Vehicle and Equipment Insurance            | 10,696   |        |
| Other Charges                              | 1,169    |        |
| Total Transportation                       |          | 32,917 |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Support Services (Cont.)

Central and Other

|  |    |        |         |
|--|----|--------|---------|
| Supervisor/Director                        | \$ | 70,678 |         |
| Other Salaries & Wages                     |    | 77,791 |         |
| Social Security                            |    | 9,075  |         |
| State Retirement                           |    | 8,238  |         |
| Life Insurance                             |    | 87     |         |
| Medical Insurance                          |    | 22,613 |         |
| Dental Insurance                           |    | 1,057  |         |
| Unemployment Compensation                  |    | 127    |         |
| Local Retirement                           |    | 2,970  |         |
| Employer Medicare Liability                |    | 2,123  |         |
| Other Fringe Benefits                      |    | 250    |         |
| Communication                              |    | 1,141  |         |
| Maintenance and Repair Services - Equipmen |    | 48,040 |         |
| Travel                                     |    | 1,154  |         |
| Other Contracted Services                  |    | 1,064  |         |
| Uniforms                                   |    | 490    |         |
| Other Supplies & Materials                 |    | 3,540  |         |
| Regular Instruction Equipment              |    | 27,718 |         |
| Total Central and Other                    |    |        | 278,156 |

Operation of Non-Instructional Services

Community Services

|                              |    |        |         |
|------------------------------|----|--------|---------|
| Teachers                     | \$ | 4,580  |         |
| Aides                        |    | 4,020  |         |
| Part-Time Personnel          |    | 75,263 |         |
| Other Salaries & Wages       |    | 47,524 |         |
| Social Security              |    | 7,786  |         |
| State Retirement             |    | 414    |         |
| Life Insurance               |    | 36     |         |
| Medical Insurance            |    | 11,216 |         |
| Dental Insurance             |    | 437    |         |
| Unemployment Compensation    |    | 531    |         |
| Local Retirement             |    | 2,183  |         |
| Employer Medicare Liability  |    | 1,821  |         |
| Travel                       |    | 794    |         |
| Food Supplies                |    | 13,199 |         |
| Instructional Supplies       |    | 65,644 |         |
| Other Supplies & Materials   |    | 60,040 |         |
| In-Service/Staff Development |    | 600    |         |
| Other Charges                |    | 3,281  |         |
| Total Community Services     |    |        | 299,369 |

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Purpose School Fund (Cont.)

Education (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

|                                 |    |              |         |
|---------------------------------|----|--------------|---------|
| Teachers                        | \$ | 136,821      |         |
| Aides                           |    | 46,313       |         |
| Social Security                 |    | 10,448       |         |
| State Retirement                |    | 15,146       |         |
| Life Insurance                  |    | 216          |         |
| Medical Insurance               |    | 43,149       |         |
| Dental Insurance                |    | 2,186        |         |
| Unemployment Compensation       |    | 333          |         |
| Employer Medicare Liability     |    | 2,444        |         |
| Other Fringe Benefits           |    | 1,500        |         |
| Travel                          |    | 656          |         |
| Instructional Supplies          |    | 16,210       |         |
| Other Charges                   |    | <u>2,035</u> |         |
| Total Early Childhood Education |    |              | 277,457 |

Capital Outlay

Regular Capital Outlay

|                              |    |            |            |
|------------------------------|----|------------|------------|
| Consultants                  | \$ | <u>730</u> |            |
| Total Regular Capital Outlay |    |            | <u>730</u> |

Total General Purpose School Fund \$ 13,973,180

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

School Federal Projects Fund

Instruction

Regular Instruction Program

|                                   |    |        |            |
|-----------------------------------|----|--------|------------|
| Teachers                          | \$ | 93,892 |            |
| Aides                             |    | 57,116 |            |
| Social Security                   |    | 8,768  |            |
| State Retirement                  |    | 10,816 |            |
| Life Insurance                    |    | 179    |            |
| Medical Insurance                 |    | 40,513 |            |
| Dental Insurance                  |    | 2,179  |            |
| Unemployment Compensation         |    | 295    |            |
| Local Retirement                  |    | 619    |            |
| Employer Medicare Liability       |    | 2,058  |            |
| Other Fringe Benefits             |    | 1,075  |            |
| Instructional Supplies            |    | 46,924 |            |
| Other Supplies and Materials      |    | 1,764  |            |
| Regular Instruction Equipment     |    | 10,487 |            |
| Total Regular Instruction Program |    |        | \$ 276,685 |

Special Education Program

|                                 |    |         |         |
|---------------------------------|----|---------|---------|
| Teachers                        | \$ | 22,918  |         |
| Aides                           |    | 213,948 |         |
| Social Security                 |    | 14,052  |         |
| State Retirement                |    | 4,865   |         |
| Life Insurance                  |    | 252     |         |
| Medical Insurance               |    | 103,576 |         |
| Dental Insurance                |    | 2,624   |         |
| Unemployment Compensation       |    | 1,121   |         |
| Local Retirement                |    | 1,408   |         |
| Employer Medicare               |    | 3,286   |         |
| Instructional Supplies          |    | 19,018  |         |
| Special Education Equipment     |    | 9,433   |         |
| Total Special Education Program |    |         | 396,501 |

Support Services

Other Student Support

|                             |    |     |     |
|-----------------------------|----|-----|-----|
| Other Supplies and Material | \$ | 560 |     |
| Total Other Student Support |    |     | 560 |

Regular Instruction Program

|                        |    |         |  |
|------------------------|----|---------|--|
| Supervisor/Director    | \$ | 28,789  |  |
| Other Salaries & Wages |    | 139,892 |  |
| Social Security        |    | 10,460  |  |
| State Retirement       |    | 8,643   |  |
| Life Insurance         |    | 36      |  |



City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

|                                   |        |         |
|-----------------------------------|--------|---------|
| Medical Insurance                 | 6,489  |         |
| Dental Insurance                  | 437    |         |
| Unemployment Compensation         | 186    |         |
| Employer Medicare                 | 2,396  |         |
| Other Fringe Benefits             | 1,425  |         |
| Other Supplies & Materials        | 5,940  |         |
| In-Service Staff Development      | 38,720 |         |
| Total Regular Instruction Program |        | 243,413 |

Special Education Program

|                                 |           |        |
|---------------------------------|-----------|--------|
| Clerical Personnel              | \$ 25,733 |        |
| Social Security                 | 1,595     |        |
| Life Insurance                  | 36        |        |
| Medical Insurance               | 6,789     |        |
| Dental Insurance                | 437       |        |
| Unemployment Compensation       | 28        |        |
| Local Retirement                | 1,801     |        |
| Employer Medicare               | 373       |        |
| Other Supplies                  | 5,171     |        |
| In-Service Staff development    | 17,321    |        |
| Other Equipment                 | 1,275     |        |
| Total Special Education Program |           | 60,559 |

Transportation

|                           |          |       |
|---------------------------|----------|-------|
| Other Salaries & Wages    | \$ 3,313 |       |
| Social Security           | 205      |       |
| Unemployment Compensation | 20       |       |
| Employer Medicare         | 48       |       |
| Total Transportation      |          | 3,586 |

|                                    |  |                   |
|------------------------------------|--|-------------------|
| Total School Federal Projects Fund |  | <u>\$ 981,304</u> |
|------------------------------------|--|-------------------|

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Central Cafeteria Fund

Support Services

Operation of Non-Instructional Services

Food Service

|   |            |            |
|---|------------|------------|
| Cafeteria Personnel                         | \$ 229,774 |            |
| Other Salaries & Wages                      | 14,808     |            |
| Social Security                             | 14,695     |            |
| State Retirement                            | 5,939      |            |
| Life Insurance                              | 343        |            |
| Medical Insurance                           | 76,622     |            |
| Dental Insurance                            | 5,959      |            |
| Unemployment Compensation                   | 840        |            |
| Local Retirement                            | 5,781      |            |
| Employer Medicare Liability                 | 3,437      |            |
| Communication                               | 540        |            |
| Dues and Memberships                        | 531        |            |
| Maintenance and Repair Services - Equipment | 1,087      |            |
| Transportation - Other than Students        | 761        |            |
| Travel                                      | 4,571      |            |
| Other Contracted Services                   | 3,481      |            |
| Food Preparation Supplies                   | 16,966     |            |
| Food Supplies                               | 332,653    |            |
| Office Supplies                             | 890        |            |
| Uniforms                                    | 293        |            |
| Other Supplies and Materials                | 6,792      |            |
| In-Service/Staff Development                | 2,860      |            |
| Other Charges                               | 5,314      |            |
| Food Service Equipment                      | 5,549      |            |
| Total Food Service                          |            | \$ 740,486 |

Total Central Cafeteria Fund \$ 740,486

Debt Service Fund

Expenditures Debt Service

|                                 |            |              |
|---------------------------------|------------|--------------|
| Principal on Bonds              | \$ 572,033 |              |
| Interest on Bonds               | 815,869    |              |
| Principal on Capitalized Leases | 8,661      |              |
| Interest on Capitalized Leases  | 728        |              |
| Capital Outlay Notes Principal  | 78,571     |              |
| Capital Outlay Notes Interest   | 12,417     |              |
| Bank Service Charges            | 2,391      |              |
| Total Expenditures Debt Service |            | \$ 1,490,670 |

Total Debt Service Fund \$ 1,490,670

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Community Policing Fund

Public Safety

Community Policing

|                             |    |        |           |
|-----------------------------|----|--------|-----------|
| Education/Training          | \$ | 3,461  |           |
| Public Relations            |    | 7,917  |           |
| Community Christmas Expense |    | 10,754 |           |
| Small Items of Equipment    |    | 293    |           |
| Food                        |    | 4,450  |           |
| Other Operating Supplies    |    | 1,415  |           |
| Total Community Policing    |    |        | \$ 28,290 |

Total Community Policing Fund \$ 28,290

Sanitation Fund

Public Works

Sanitation Services

|                                  |    |         |              |
|----------------------------------|----|---------|--------------|
| Regular Employee Salaries        | \$ | 182,611 |              |
| Salaries - Overtime              |    | 1,743   |              |
| OASI Employers Share             |    | 13,918  |              |
| Employee Health Insurance        |    | 74,578  |              |
| Retirement - TCRS                |    | 4,608   |              |
| Retirement - ING                 |    | 2,317   |              |
| Employee Dental Insurance        |    | 3,698   |              |
| Employee Life Insurance          |    | 485     |              |
| Worker's Compensation            |    | 7,253   |              |
| Unemployment Insurance           |    | 330     |              |
| Repairs & Maintenance - Vehicle  |    | 26,481  |              |
| Repair & Maintenance - Other Mac |    | 95      |              |
| Brush Disposal                   |    | 33,653  |              |
| Landfill Services                |    | 612,186 |              |
| Small Items of Equipment         |    | 275     |              |
| Gas, Oil, Diesel, Fuel Grease    |    | 25,368  |              |
| Tires, Tubes, etc.               |    | 5,801   |              |
| General Liability                |    | 1,838   |              |
| Additions to Fixed Asset         |    | 185,645 |              |
| Total Sanitation Services        |    |         | \$ 1,182,883 |

Total Sanitation Fund \$ 1,182,883

City of Manchester, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Drug Control Fund

Public Safety

Drug Investigation and Control

|   |           |
|---|-----------|
| Salaries                                | \$ 19,947 |
| Salaries - Overtime                     | 10,442    |
| Holiday                                 | 635       |
| OASI Employers Share                    | 2,283     |
| Employee Health Insurance               | 8,533     |
| Retirement - TCRS                       | 1,606     |
| Retirement - ING                        | 22        |
| Employee Dental Insurance               | 493       |
| Employee Life Insurance                 | 55        |
| Education and Training                  | 6,313     |
| Automobile Licenses and Titles          | 304       |
| GOV Deals Expense                       | 8,943     |
| Repair and Maintenance - Vehicles       | 7,064     |
| Other Repairs and Maintenance           | 128       |
| Miscellaneous Contractual Services      | 4,353     |
| Small Items of Equipment                | 1,442     |
| Clothing and Uniforms                   | 50        |
| Other Operating Supplies                | 72,103    |
| Gas, Oil, Diesel and Grease             | 1,189     |
| Other Equipment Parts and Supplies      | 8,308     |
| General Purpose Machinery and Equipment | 2,764     |
| Drug Vehicle                            | 32,301    |

|                     |                   |
|---------------------|-------------------|
| Total Public Safety | <u>\$ 189,278</u> |
|---------------------|-------------------|

|                         |                          |
|-------------------------|--------------------------|
| Total Drug Control Fund | <u><u>\$ 189,278</u></u> |
|-------------------------|--------------------------|

# **SUPPLEMENTARY INFORMATION SECTION**

City of Manchester, Tennessee  
Schedule of Assessed Property Tax Values.  
Property Tax Rates and Changes in Property Taxes Receivable  
For the Year Ended June 30, 2015

| Tax<br>Year | Rate     | Assessed<br>Value | Original<br>Levy | Balance<br>July 1, 2014 | Property Tax<br>Levied | Anticipated<br>Current Year<br>Levy | Abatements<br>and<br>Adjustments | Collections  | Allowance for<br>Uncollectibles | Net<br>Receivable<br>Balance<br>June 30,<br>2015 |
|-------------|----------|-------------------|------------------|-------------------------|------------------------|-------------------------------------|----------------------------------|--------------|---------------------------------|--|
| 2015        | \$2.2999 |                   |                  | \$ -                    | \$ -                   | \$ 4,717,372                        | \$ -                             | \$ -         | \$ 10,211                       | \$ 4,707,161                                     |
| 2014        | 2.2999   | \$ 202,117,409    | \$ 4,648,498     | -                       | 4,646,091              | -                                   | (33,800)                         | 4,252,823    | 10,062                          | 349,406  |
| 2013        | 2.2999   | 200,337,660       | 4,607,596        | 313,951                 | -                      | -                                   | -                                | 168,224      | 9,974                           | 135,753  |
| 2012        | 2.2999   | 199,239,840       | 4,582,317        | 123,239                 | -                      | -                                   | -                                | 77,981       | 9,919                           | 35,339   |
| 2011        | 2.2999   | 198,802,639       | 4,572,262        | 26,948                  | -                      | -                                   | -                                | 13,179       | 9,897                           | 3,872  |
| 2010        | 2.2999   | 199,841,765       | 4,596,161        | 14,641                  | -                      | -                                   | -                                | 5,474        | 9,167                           | -  |
| 2009        | 2.4200   | 184,677,643       | 4,469,199        | 10,623                  | -                      | -                                   | -                                | 7,049        | 3,574                           | -  |
| 2008        | 2.4200   | 177,121,956       | 4,286,351        | 12,345                  | -                      | -                                   | -                                | 3,732        | 8,613                           | -  |
| 2007        | 2.4200   | 171,555,937       | 4,151,654        | 5,196                   | -                      | -                                   | -                                | 712          | 4,484                           | -  |
| 2006        | 2.6200   | 164,347,449       | 4,305,903        | 5,233                   | -                      | -                                   | (2,009)                          | 3,224        | -                               | -  |
| 2005        | 2.7700   | 138,146,285       | 3,826,652        | 610                     | -                      | -                                   | (610)                            | -            | -                               | -  |
| 2004        | 2.7700   | 132,709,914       | 3,676,065        | 306                     | -                      | -                                   | (306)                            | -            | -                               | -  |
| Before 2004 |          |                   |                  | 2,964                   | -                      | -                                   | (2,964)                          | -            | -                               | -  |
| Totals      |          |                   |                  | \$ 516,056              | \$ 4,646,091           | \$ 4,717,372                        | \$ (39,689)                      | \$ 4,532,398 | \$ 75,901                       | \$ 5,231,531                                     |

NOTES: All uncollected taxes for years prior to 2009 were turned over to the Clerk and Master for collection.

City of Manchester, Tennessee

Schedule of Utility Rate Structure and Number of Customers

June 30, 2015

|   | Water   | Sewer    |
|---|---------|----------|
| <u>Within Corporate Limits</u>                      |         |          |
| Up to and including 2,000 gallons                   | \$ 8.60 | \$ 10.82 |
| Next 98,000 gallons per 1,000 gallons               | \$ 4.30 | \$ 5.41  |
| All over the next 100,000 gallons per 1,000 gallons | \$ 3.42 | \$ 4.30  |
| Unmetered Residential Customers                     |         | \$ 25.74 |
| <u>Outside Corporate Limits</u>                     |         |          |
| One and one-half times inside rate - Industrial     |         |          |
| Two time inside rate - Residential and Commercial   |         |          |
| <u>Number of Customers</u>                          |         |          |
| Residential - Inside of City                        | 4,215   | 4,124    |
| Residential - Outside of City                       | 1,965   | 10       |
| Commerical - Inside of City                         | 669     | 594      |
| Commerical - Outside of City                        | 95      | 11       |
| Industrial - Inside of City                         | 11      | 11       |
| Industrial - Outside of City                        | 30      | 28       |
| Total   | 6,985   | 4,778    |



# AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0  
American Water Works Association  
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? Click to access definition  
+ Click to add a comment

Water Audit Report for: **Manchester Water and Sewer Department (0000429)**  
Reporting Year: **2014** **7/2014 - 6/2015**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

**All volumes to be entered as: MILLION GALLONS (US) PER YEAR**

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

## WATER SUPPLIED

Volume from own sources: + ? 10 0.000 MG/Yr  
Water imported: + ? 10 945.075 MG/Yr  
Water exported: + ? 10 219.037 MG/Yr

## Master Meter and Supply Error Adjustments

Pcnt: Value: MG/Yr  
+ ? 10 3.00% MG/Yr  
+ ? 9 3.00% MG/Yr

Enter negative % or value for under-registration  
Enter positive % or value for over-registration

**WATER SUPPLIED: 704.891 MG/Yr**

## AUTHORIZED CONSUMPTION

Billed metered: + ? 10 612.175 MG/Yr  
Billed unmetered: + ? 10 0.124 MG/Yr  
Unbilled metered: + ? 10 5.800 MG/Yr  
Unbilled unmetered: + ? 8.811 MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

**AUTHORIZED CONSUMPTION: 626.910 MG/Yr**

Click here: ?  
for help using option  
buttons below

Pcnt: Value: MG/Yr  
1.25% MG/Yr

Use buttons to select  
percentage of water  
supplied  
OR  
value

Pcnt: Value: MG/Yr  
0.25% MG/Yr

0.25% MG/Yr

## WATER LOSSES (Water Supplied - Authorized Consumption)

### Apparent Losses

Unauthorized consumption: + ? 1.762 MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: + ? 9 0.000 MG/Yr  
Systematic data handling errors: + ? 1.530 MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

**Apparent Losses: 3.293 MG/Yr**

## Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: ? 74.688 MG/Yr

**WATER LOSSES: 77.981 MG/Yr**

## NON-REVENUE WATER

**NON-REVENUE WATER: 92.592 MG/Yr**

= Water Losses + Unbilled Metered + Unbilled Unmetered

## SYSTEM DATA

Length of mains: + ? 10 175.0 miles  
Number of active AND inactive service connections: + ? 10 6,985  
Service connection density: ? 40 conn./mile main

Are customer meters typically located at the curbside or property line? Yes

Average length of customer service line: + ? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: + ? 6 60.0 psi

## COST DATA

Total annual cost of operating water system: + ? 10 \$1,091,818 \$/Year  
Customer retail unit cost (applied to Apparent Losses): + ? 9 \$3.91 \$/1000 gallons (US)  
Variable production cost (applied to Real Losses): + ? 10 \$1,250.00 \$/Million gallons ☐ Use Customer Retail Unit Cost to value real losses

## WATER AUDIT DATA VALIDITY SCORE:

**\*\*\* YOUR SCORE IS: 93 out of 100 \*\*\***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

## PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Unauthorized consumption

2: Systematic data handling errors

3: Customer metering inaccuracies





## AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.  
Copyright © 2014, All Rights Reserved.Water Audit Report for: **Manchester Water and Sewer Department (0000429)**Reporting Year: **2014** **7/2014 - 6/2015****\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 93 out of 100 \*\*\***

### System Attributes:

|                  |                      |                     |
|------------------|----------------------|---------------------|
| Apparent Losses: | <b>3.293</b>         | MG/Yr               |
| +                | Real Losses:         | <b>74.688</b> MG/Yr |
| =                | <b>Water Losses:</b> | <b>77.981</b> MG/Yr |

**? Unavoidable Annual Real Losses (UARL):** **43.68** MG/YrAnnual cost of Apparent Losses: **\$12,874**Annual cost of Real Losses: **\$93,360** Valued at **Variable Production Cost**  
Return to Reporting Worksheet to change this assumption

### Performance Indicators:

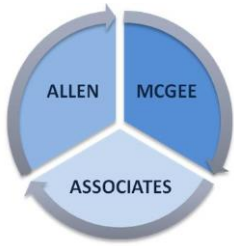
|            |   |   |              |  |
|------------|---|---|--------------|--|
| Financial: | { | Non-revenue water as percent by volume of Water Supplied: | <b>13.1%</b> |  |
|            |   | Non-revenue water as percent by cost of operating system: | <b>11.4%</b> | Real Losses valued at Variable Production Cost |

|                         |   |  |              |                            |
|-------------------------|---|--|--------------|----------------------------|
| Operational Efficiency: | { | Apparent Losses per service connection per day:              | <b>1.29</b>  | gallons/connection/day     |
|                         |   | Real Losses per service connection per day:                  | <b>29.29</b> | gallons/connection/day     |
|                         |   | Real Losses per length of main per day*:                     | <b>N/A</b>   |                            |
|                         |   | Real Losses per service connection per day per psi pressure: | <b>0.49</b>  | gallons/connection/day/psi |

From Above, Real Losses = Current Annual Real Losses (CARL): **74.69** million gallons/year**? Infrastructure Leakage Index (ILI) [CARL/UARL]:** **1.71**

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

# **SINGLE AUDIT SECTION**



# Allen, McGee and Associates

## Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Mayor and Aldermen  
City of Manchester, Tennessee  
200 West Fort Street  
Manchester, Tennessee 37355

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Manchester, Tennessee's basic financial statements and have issued our report thereon dated January 14, 2016.

### **Internal Control over Financial Reporting**

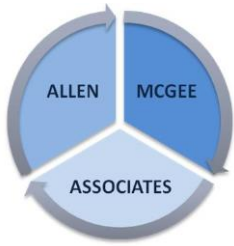
In planning and performing our audit of the financial statements, we considered the City of Manchester, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Manchester, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Manchester, Tennessee's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described

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# Allen, McGee and Associates

## Certified Public Accountants

in the accompanying schedule of findings and questioned costs to be material weaknesses. 2015-01, 2015-05, 2015-06, 2015-07 and 2015-08.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. 2015-02, and 2015-09.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Manchester, Tennessee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-03, 2015-04, 2015-05 and 2015-10.

### **City of Manchester, Tennessee's Response to Findings**

City of Manchester, Tennessee's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Manchester, Tennessee's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

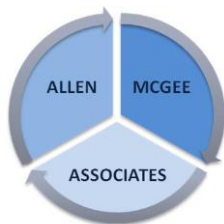
### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Allen, McGee and Associates*

*Certified Public Accountants*

*January 14, 2016*



## **Allen, McGee and Associates LLC**

### **Certified Public Accountants**

#### **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133**

City of Manchester, Tennessee  
200 West Fort Street  
Manchester, Tennessee 37355

#### **Report on Compliance for Each Major Federal Program**

We have audited the City of Manchester, Tennessee's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the City of Manchester, Tennessee's major federal programs for the year ended June 30, 2015. City of Manchester, Tennessee's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

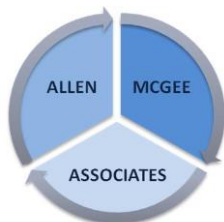
Our responsibility is to express an opinion on compliance for each of the City of Manchester, Tennessee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Manchester, Tennessee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Manchester, Tennessee's compliance.

#### ***Basis for Qualified Opinion on the School Nutrition Cluster, Title I Grants to Local Education Agencies, Special Education Cluster and the Teacher Incentive Fund Programs***

As described in the accompanying schedule of findings and questioned costs in Finding 2015-05, for Allowable Costs the City of Manchester, Tennessee Schools did not maintain

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## **Allen, McGee and Associates LLC**

### **Certified Public Accountants**

supporting documentation for a significant number of disbursements tested for the School Breakfast Program 10.553, National School Lunch Program 10.555, Title I Grants to Local Education Agencies 84.010, Special Education – Grants to States 84.027, Special Education – Preschool Grants 84.173, and the Teacher Incentive Fund 84.374, in our opinion, for the City of Manchester, Tennessee to comply with the requirements applicable to these programs.

#### ***Qualified Opinion on School Nutrition Cluster, Title I Grants to Local Education Agencies, Special Education Cluster and the Teacher Incentive Fund Programs***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Manchester, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the School Breakfast Program, National School Lunch Program, Title I Grants to Local Education Agencies, Special Education – Grants to States, Special Education – Preschool Grants, and the Teacher Incentive Fund for the year ended June 30, 2015.

#### ***Other Matters***

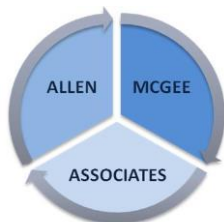
The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-03, 2015-04, 2015-05 and 2015-10. Our opinion on each major federal program is modified with respect to these matters.

City of Manchester, Tennessee's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Manchester, Tennessee's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### **Report on Internal Control over Compliance**

Management of the City of Manchester, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Manchester, Tennessee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Manchester, Tennessee's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.



## **Allen, McGee and Associates LLC**

### **Certified Public Accountants**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-01, 2015-05, 2015-06, 2015-07 and 2015-08 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-02, and 2015-09 to be significant deficiencies.

City of Manchester, Tennessee's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Manchester, Tennessee's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Allen, McGee and Associates,*  
*Certified Public Accountants*

Allen, McGee and Associates  
Tullahoma, Tennessee  
January 14, 2016

City of Manchester, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants  
For the Year Ended June 30, 2015

| Federal/Pass-through Agency/State<br>Grantor Program Title                              | Federal<br>CFDA<br>Number | Pass-through<br>Entity Identifying<br>Number | Expenditures        |
|---|---------------------------|--|---------------------|
| U.S. Department of Agriculture:   |                           |  |                     |
| Passed-through State Department of Education:   |                           |  |                     |
| School Breakfast Program  | 10.553                    | (2)  | \$ 151,731          |
| National School Lunch Program   | 10.555                    | (2)  | 337,818             |
| Passed-through State Department of Agriculture:   |                           |  |                     |
| National School Lunch Program   | 10.555                    | (2)  | 39,999              |
| Total U.S. Department of Agriculture  |                           |  | <u>\$ 529,548</u>   |
| U.S. Department of Housing and Urban Development  |                           |  |                     |
| Passed-through State Department of Economic and Community Development:                  |                           |  |                     |
| Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 14.228                    | 33004-13415                                  | \$ 39,313           |
| Total U.S. Department of Housing and Urban Development                                  |                           |  | <u>\$ 39,313</u>    |
| U.S. Department of Transportation:  |                           |  |                     |
| Passed-through State Department of Transportation:                                      |                           |  |                     |
| Highway Planning and Construction   | 20.205                    | 114388                                       | \$ 125,609 (3)      |
| Highway Planning and Construction   | 20.205                    | 112064.01                                    | 456,326 (3)         |
| Alcohol Open Container Requirements   | 20.607                    | 154AL-15-82                                  | 28,924              |
| Total U.S. Department of Transportation   |                           |  | <u>\$ 610,859</u>   |
| U.S. Department of Education:   |                           |  |                     |
| Passed-through State Department of Education:   |                           |  |                     |
| Title I Grants to Local Educational Agencies  | 84.010                    | N/A  | \$ 440,283          |
| Special Education Cluster:  |                           |  |                     |
| Special Education - Grants to State   | 84.027                    | N/A  | 455,944             |
| Special Education - Preschool Grants  | 84.173                    | N/A  | 43,386              |
| Rural Education   | 84.358                    | N/A  | 28,857              |
| English Language Acquisition State Grants   | 84.365                    | N/A  | 9,497               |
| Improving Teacher Quality State Grants  | 84.367                    | N/A  | 42,020              |
| Passed-through National Institute for Excellence in Teaching:                           |                           |  |                     |
| Teacher Incentive Fund  | 84.374                    | N/A  | 598,718             |
| Total U.S. Department of Education  |                           |  | <u>\$ 1,618,705</u> |
| Total Expenditures of Federal Awards  |                           |  | <u>\$ 2,798,425</u> |
| <u>State Grants</u>   |                           |  |                     |
| Local Parks and Recreation Fund Grant   |                           |  |                     |
| State Department of Environment and Conservation  |                           | 32701-01683                                  | \$ 95,912           |
| Project Diabetes Implementation Grants - State Department of Health                     |                           | 34347-43014                                  | 15,000              |
| Project Diabetes Implementation Grants - State Department of Health                     |                           | 34347-41314                                  | 149,973             |
| Coordinated School Health Initiative - State Department of Education                    |                           | (2)  | 81,000              |
| LEAP Grant - State Department of Economic and Community Development                     |                           | (2)  | 151,045             |
| Family Resource Center Grant - State Department of Education                            |                           | (2)  | 58,357              |
| Safe Schools Act 2003 - State Department of Education                                   |                           | (2)  | 6,881               |
| Total State Grants  |                           |  | <u>\$ 558,168</u>   |

CFDA = Catalog of Federal Domestic Assistance  
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) Information not available.  
(3) Total CFDA number 20.205 is \$581,935



**City of Manchester, Tennessee  
Schedule of Audit Findings Not Corrected  
For the Year Ended June 30, 2015**

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Financial Report for the City of Manchester, Tennessee for the year ended June 30, 2014, which have not been corrected.

| <b>Finding<br/>Number</b> | <b>Page<br/>Number</b> | <b>Subject</b>  |
|---------------------------|------------------------|---|
| <b>2006-001</b>           | <b>81</b>              | <b>Incomplete or Missing Expenditure<br/>Documentation (On the Manchester City<br/>Schools)</b> |
| <b>2006-003</b>           | <b>82</b>              | <b>Proper Segregation of Duties (On the<br/>Manchester City Schools)</b>                        |

# **City of Manchester, Tennessee**

## **Schedule of Audit Findings and Questioned Costs**

### **Year Ended June 30, 2015**

#### **SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses a qualified opinion on the Governmental Activities, Business-type Activities, General Purpose School Fund, Water and Sewer Fund and the Aggregate Remaining Fund Information financial statements of the City of Manchester, Tennessee. The auditors' report expresses an unmodified opinion on the General Fund and the Debt Service Fund financial statements of the City of Manchester, Tennessee.
2. The audit of the financial statements of the City of Manchester, Tennessee, disclosed significant deficiencies in internal control findings 2015-02, 2015-09.
3. The audit of the financial statements of the City of Manchester, Tennessee disclosed material weaknesses in internal control findings 2015-01, 2015-05, 2015-06, 2015-07, and 2015-08.
4. No instances of noncompliance material to the financial statements of the City of Manchester, Tennessee were disclosed during the audit.
5. The auditors' report on compliance for the major federal award programs for the City of Manchester, Tennessee expresses a qualified opinion.
6. The audit revealed findings 2015-01, 2015-03, 2015-04, 2015-05, 2015-06, 2015-07, 2015-08 and 2015-10 that are required to be reported under Section 510(a) of OMB *Circular A-133*.
7. The programs tested as major programs included: School Breakfast Program CFDA No. 10.553, National School Lunch Program CFDA No. 10.555, Title I Grants to Local Education Agencies CFDA No. 84.010, Special Education – Grants to States CFDA No. 84.027, Special Education – Preschool Grants CFDA No. 84.173, and the Teacher Incentive Fund CFDA No. 84.374.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Manchester, Tennessee did not qualify as a low-risk auditee.

# **City of Manchester, Tennessee**

## **Schedule of Audit Findings and Questioned Costs**

### **(Cont.)**

#### **City General Government**

**FINDING 2015-01**    **PHYSICAL INVENTORY OF CAPITAL ASSETS OF THE CITY OF MANCHESTER**  
(Internal Control – Material Weakness under *Government Auditing Standards*)

During the period a physical inventory was not performed on the capital assets of the City of Manchester. Our tests of the capital assets listing determined that several items were disposed of in the current and prior years and are still be maintained on the listing. Due to this internal control weakness we were unable to determine the accuracy of the Capital Asset Listing. Also, sound internal control requires that inventories of fixed assets be periodically examined for completeness and the condition of the capital assets. Due to this condition we were unable to satisfy ourselves that certain financial statements were fairly presented in accordance with Generally Accepted Accounting Principles.

#### **RECOMMENDATION**

Periodically the capital asset listing should be compared to the actual assets and disposals and or missing items should be removed from this listing. The capital assets should also, be periodically reviewed for any impairments that exist and adjustments made to the fixed asset accounting package for any impairments. Proper procedures should be followed in accordance with the Manchester Municipal Code 5-720 on the disposal of surplus property.

#### **MANAGEMENT'S RESPONSE**

During the current 2015-2016 fiscal year a physical inventory will be performed and capital assets will be corrected.

# **City of Manchester, Tennessee**

## **Schedule of Audit Findings and Questioned Costs**

### **(Cont.)**

#### **City General Government (Cont.)**

**FINDING 2015-02**    **RECEIVABLES FOR THE RECREATION CENTER**  
(Internal Control – Significant Deficiency under *Government Auditing Standards*)

As of June 30, 2015 accounts receivable existed for the Manchester Recreation Center totaling \$87,016 on the financial statements of this report. These receivables have not been periodically reviewed and amounts determined to be uncollectable should be written off. Also, if any accounts are not available for the current period expenses these amounts should be included in deferred inflows to offset this asset.

**RECOMMENDATION**

Receivables should be periodically reviewed and accounts that are determined to be uncollectable a listing should be prepared and submitted to the Board of Mayor and Aldermen for approval to write the accounts off as losses of revenues.

**MANAGEMENT'S RESPONSE**

The board in conjunction with the recreation commission will review the policy regarding write off of bad debts and take appropriate actions.

**FINDING 2015-03**    **BUDGETED EXPENDITURES IN EXCESS OF APPROPRIATIONS**  
(Non Compliance under *Government Auditing Standards*)

During the period under examination total expenditures and encumbrances of the Recreation Fund exceeded appropriations by \$212,786.

**RECOMMENDATION**

Expenditures and encumbrances should be held within appropriations approved by the Board of Mayor and Aldermen.

**MANAGEMENT'S RESPONSE**

This budget exceeded appropriations due to an unperformed construction contract that will be completed in the following fiscal year.

# **City of Manchester, Tennessee Schedule of Audit Findings and Questioned Costs (Cont.)**

## **City General Government (Cont.)**

**FINDING 2015-04** DEPOSIT WITH FINANCIAL INSTITUTION IN EXCESS OF  
REQUIRED COLLATERAL PLEDGES  
(Non Compliance under *Government Auditing Standards*)

As of June 30, 2015 deposits with one financial institution exceeded collateral pledge requirements by \$70,509 as required by state statutes.

### **RECOMMENDATION**

Deposits with financial institutions should be properly collateralized as required by state statutes.

### **MANAGEMENT'S RESPONSE**

Proper controls will be established to insure that this will be corrected.

# **City of Manchester, Tennessee**

## **Schedule of Audit Findings and Questioned Costs**

### **(Cont.)**

#### **Manchester City Schools**

**FINDING 2015-05**    **MISSING SUPPORT FOR DISBURSEMENTS**  
(Internal Control – Material Weakness and Compliance under  
*Government Auditing Standards*)

During the period under examination our tests revealed that documentation supporting disbursements was not maintained for a significant number of disbursements for instance the all vendor disbursements made during the Month of May 2015 for all the funds maintained by the Manchester City School Board were not supported by adequate documentation. Sound internal controls and compliance requirements for all federal awards require that supporting documentation must be maintained for all disbursements. This lack of support for these disbursements resulted in us not being able to determine if all disbursements made for the funds maintained by the Manchester City School Board were for a School Purpose and made in compliance with guidelines and requirements of the various federal awards.

#### **RECOMMENDATION**

The Manchester City Schools should adopt policies and procedures to insure that all documentation is maintained. Sound internal controls and compliance requirements for all federal awards requires that supporting documentation be maintained.

#### **QUESTIONED COSTS**

Unable to determine the amount of questioned costs.

#### **MANAGEMENT'S RESPONSE**

The documentation for the month of May on payroll and insurance is now available.

# **City of Manchester, Tennessee**

## **Schedule of Audit Findings and Questioned Costs**

### **(Cont.)**

#### **Manchester City Schools (Cont.)**

**FINDING 2015-06** DUTIES WERE NOT ADEQUATELY SEGREGATED  
(Internal Control – Material Weakness under *Government Auditing Standards*)

Our review of the overall accounting controls of the Manchester City School Board's accounting system, we found several areas where duties were not adequately segregated among employees or other responsible parties of the School Board.

#### **RECOMMENDATION**

To decrease the risk of undetected errors and irregularities, management should review employees' responsibilities to ensure that no employee has control over a complete transaction.

#### **MANAGEMENT'S RESPONSE**

This is due to a reduction in force for the 2014-15 school year.

**FINDING 2015-07** FAILURE TO PROPERLY RECONCILE THE BANK STATMENTS  
TO THE GENERAL LEDGER CONTROLS  
(Internal Control – Material Weakness under *Government Auditing Standards*)

During the period under examination the bank reconciliations were not performed for several months for the Central Cafeteria Fund checking account and for the Payroll Deduction Clearing Accounts. This resulted in the cash and revenues of the Central Cafeteria Fund to be understated by \$108,237. It also, resulted in errors totaling \$6,040 in payroll deduction account transfers going undetected resulting in an understatement of cash of this amount and overstatement of expenditures in the General Purpose School Fund. These corrections have been made in the financial statements of this report.

# **City of Manchester, Tennessee**

## **Schedule of Audit Findings and Questioned Costs**

### **(Cont.)**

#### **Manchester City Schools (Cont.)**

**FINDING 2015-07**    **FAILURE TO PROPERLY RECONCILE THE BANK STATEMENTS TO THE GENERAL LEDGER CONTROLS (CONT.)**

#### **RECOMMENDATION**

The bank statements should be properly reconciled to the general ledger controls in a timely manner and the unusual items and errors disclosed should be investigated and errors corrected. If suppressed checking accounts are used for payroll deductions these accounts should be reconciled to a \$0 balance at the end of each month and corrections made on the general ledger for these errors.

#### **MANAGEMENT'S RESPONSE**

Payroll accounts will be reconciled to a zero balance.

**FINDING 2015-08**    **FAILURE TO RECONCILE THE GENERAL LEDGER PAYROLL LIABILITIES PAYABLE TO AMOUNTS PAID AND/OR DUE**  
(Internal Control – Material Weakness under *Government Auditing Standards*)

Payroll liabilities presented on the general ledger were not reconciled to the amounts paid and/or due for the fiscal year under examination. This resulted in payroll liabilities being understated by \$184,891 on June 30<sup>th</sup> 2015. Our payroll tests performed during our audit engagement revealed that an increase in dental insurance had occurred before June 30, 2015 and adjustments were not made in the payroll amounts being deducted or expensed for this increase.

#### **RECOMMENDATION**

Payroll liabilities should be reconciled on a periodic basis to the amounts due and/or subsequently paid.

#### **MANAGEMENT'S RESPONSE**

Payroll liabilities will be reconciled on a monthly basis to the amounts due and/or subsequently paid.



# **City of Manchester, Tennessee**

## **Schedule of Audit Findings and Questioned Costs**

### **(Cont.)**

#### **Manchester City Schools (Cont.)**

**FINDING 2015-09**    **FAILURE TO PROPERLY ESTABLISH RECEIVABLES FOR THE  
GENERAL PURPOSE SCHOOL FUND**  
(Internal Control – Significant Deficiency under *Government Auditing  
Standards*)

Receivables for local taxes collections totaling \$434,413 due from Coffee County and Other Deferred Inflows for unavailable revenues totaling \$173,004 were not established for June 30, 2015 on the general ledger for the General Purpose School Fund. This resulted in the fund balance being understated by \$261,409 on the official records of the Manchester City Schools.

#### **RECOMMENDATION**

Proper controls should be establish to ensure that all receivables are established on the General Ledger. A deferred inflow of resources account should be established for all receivables that are not available to pay the liabilities of the current period generally this is within 60 days after the current period end.

#### **MANAGEMENT'S RESPONSE**

Due to change in personnel this was not done. Mr. Mark Allen will provide audit adjustments to the school personnel to correct this finding.

# **City of Manchester, Tennessee**

## **Schedule of Audit Findings and Questioned Costs**

### **(Cont.)**

#### **General Government and the Manchester City Schools**

**FINDING 2015-10** CASH OVERDRAFT IN THE SCHOOL FEDERAL PROJECTS  
FUND INVESTMENT IN POOLED CASH  
(Material Non -Compliance under *Government Auditing Standards*)

On June 30, 2015 a cash overdraft existed with the City of Manchester Pooled Cash account for the School Federal Projects Fund due to checks being issued in excess of available monies totaling \$84,208. In effect this is a loan from the City of Manchester Pooled Cash Account. This loan was not approved by the Tennessee Comptroller of the Treasury, Division of Local Finance as required by *Tennessee Code Annotated, Title 9*. This loan was also not approved by the Manchester City School Board or the Manchester Board of Mayor and Aldermen as required by the Manchester Charter.

#### **RECOMMENDATION**

Checks and/or other disbursement should not be issued in excess of available funds. All indebtedness should be properly approved in accordance with state statutes and the City of Manchester Charter.

#### **MANAGEMENT'S RESPONSE**

An internal loan will be approved by the Board to cover excess cost until money is received from the federal grants.

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